

SABATHE

AM  
1948  
Sa  
c.1

Boston University



College of Liberal Arts  
Library

BOSTON UNIVERSITY

GRADUATE SCHOOL

Thesis

Staff Administration in the Commonwealth of  
Massachusetts As an Aid to the  
Governor

by

Theophile Hippolyte Sabathe  
(A.B., Boston University, 1947)

submitted in partial fulfillment of the  
requirements for the degree of  
Master of Arts

1948





AM  
1948  
S2  
C.1

Approved by

First Reader.....*Lashley G. Harway*.....

Second Reader.....*Edward R. Collier*.....



Digitized by the Internet Archive  
in 2016

<https://archive.org/details/staffadministrat00saba>

## TABLE OF CONTENTS

<u>Chapter</u>	<u>Page number</u>
I	INTRODUCTION
	1. Historical Development.....1
	2. The Problem.....8
	3. Standards Used.....10
	4. Methods Used.....15
II	THE GOVERNOR AND COUNCIL.....16
III	ORGANIZATION OF STAFF AGENCIES
	1. Their Place in the General Overall Structure.....19
	2. Commission on Administration and Finance.....21
	3. The Independent Executive Offices.....26
	4. Division of Civil Service.....27
	5. State Planning Board.....28
	6. Massachusetts Public Building Commission.....29
	7. Superintendent of Buildings.....29
IV	BUDGETING
	1. Budget Procedure.....30
	2. Budget Forms.....34
	3. Budget Execution.....39
	4. Budget Document.....41
	5. Capital Outlay Budgeting.....45
	6. Critical Analysis of the Budget System.....47
V	ACCOUNTING
	1. Central Control and Subsidiary Accounts.....51
	2. Pre-Audit.....56
	3. Post-Audit.....60
VI	TREASURY MANAGEMENT
	1. General Characteristics.....62
	2. Collection of Revenue.....65
	3. Custody of Funds.....66
	4. Disbursement.....68
	5. Investments.....70
	6. Debt Administration.....71





ChapterPage number

VII	PURCHASING	
	1. General Observations.....	.72
	2. Purchasing Methods.....	.74
	3. Competition.....	.76
	4. Inspection.....	.77
	5. Standardization.....	.78
	6. Storage Transfer Salvage.....	.79
	7. Printing.....	.81
	8. Central Mailing.....	.83
	9. Care of Buildings.....	.84
VIII	PERSONNEL	
	1. Recruitment.....	.86
	2. Promotions and Transfers.....	.89
	3. Classification.....	.91
IX	PLANNING.....	.94
X	CONCLUSIONS.....	.98
	ABSTRACT.....	.105
	BIBLIOGRAPHY.....	.111



## I INTRODUCTION

### 1. Brief Historical Development

The government of Massachusetts, especially the executive branch, can be traced back to the colonial period. When Charles I of England granted the Massachusetts Bay Colony its charter in 1628, "that instrument provided a Governor, Deputy Governor, and eighteen Assistants or Councillors as they were called in later years."<sup>1</sup>

During the colonial period, the governor was a royal appointee and had fairly extensive powers at first. He called the assembly together and dismissed it. He had the veto power over legislation. He commanded the military forces and enforced the laws. He was a liason officer between England and America.<sup>2</sup>

The Council was composed of men prominent in local affairs. It was the upper house when the legislature was in session. It represented both English and American interests because the members owed their places to the king even though they were Americans.<sup>3</sup>

The Councillors exercised legislative, executive,

- 
1. William L. Reed, "The Governor's Council" (pamphlet in the Lieutenant-Governor's office) p.1.
  2. Ralph V. Harlow, "The Growth of the United States", Vol I, (1943), pp. 78, 79.
  3. Ibid., p. 79.





and judicial powers. They aided the governor and took his place when he was absent. Acts passed by them when the General Court was not in session had the same effect as those passed by the General Court. Their judicial functions included hearing many civil and criminal matters and acting as a court of appeals.<sup>4</sup>

Later in the colonial period, the governor's power was gradually restricted by the rising strength of the legislature. The legislature controlled the finances and thereby the activities of the administration. Legislative supremacy was maintained by an informal self-constituted committee which led the legislature and decided what the executive should do. Through annual elections the legislature kept in close touch with the electorate and so had popular support in its controversies with the governor. It judged the qualifications of its own members.<sup>5</sup>

During the American Revolution, the office of governor was declared vacant and the Council took charge of the executive work.<sup>6</sup>

When the early state government was formed in 1780, the old institutions remained with modifications. The governor was independently elected for a one-year term.

---

4. William L. Reed, "The Governor's Council", (pamphlet in the Lieutenant-Governor's office), p.1 .

5. Ralph V. Harlow, "The Growth of the American People", Vol. I, (1943), pp. 80, 81.

6. Ibid., p.180.



He retained the veto power which could only be overridden by a two-thirds majority of the General Court. The Council was maintained to advise him. It was composed of the lieutenant-governor and nine other members selected by the General Court annually from its own membership. The independent executive officers were also chosen annually by the General Court. These included the secretary, treasurer, the receiver-general, and the commissary general. Although the executive functions were spread out, the governor was stronger than most. He kept his veto power and was popularly elected, giving him some degree of independence although not much. No provisions were made for state administration.<sup>7</sup>

Massachusetts was influenced by the thinking of the Jacksonian era. The number of offices popularly elected were increased. The Council was now elected from the eight districts of the state. The Secretary of the Commonwealth, the Treasurer, the Receiver-General, the Auditor, and the Attorney-General were all independently elected.<sup>8</sup>

From the latter half of the nineteenth century to World War I, governmental functions of Massachusetts increased tremendously. Administrative agencies were created to carry out these new duties. The number of these agencies multiplied more rapidly than they did in other states

---

7. Leslie Lipson, "The American Governor From Figurehead to Leader", (1939), p.13.

8. Ibid., p. 22.





because of its greater population and rapid industrialization.<sup>9</sup>

So many agencies were created that they became virtually independent. The inevitable results of duplication, waste, inefficiency, and irresponsibility occurred. Several agencies would cover the same territory and would cause confusion with their conflicting policies. Moreover the governor had no control over them. He could not hold them to account because the great number of them were beyond his span of control. The heads of these agencies had longer terms than did the governor and could only be removed for cause which was a difficult procedure.

The reaction against this multiplication of agencies occurred during the period of World War I. Several commissions were created to study economy and efficiency in state administration but no action was taken.

At the Constitutional Convention in 1913, several amendments to the Constitution were proposed and later ratified by the people. There were: (1) the extension of the governor's term to two years; (2) he could return bill to the legislature with suggestions for changes; and (3) a maximum of twenty departments in the state administration were set up.<sup>10</sup>

---

9. Leslie Lipson, "The American Governor From Figurehead to Leader", (1939), p. 26.

10. *Ibid.*, pp. 86, 87.



The Administrative Consolidation Act of 1919 put the latter clause into effect. All functions, except those directly under the governor and council, were organized into twenty so called departments.<sup>11</sup> This set up exists today.

The Constitutional Convention made no change in the number of independently elected executive officers. So the four departments they headed had to be left alone. These were the Secretary, the State Treasurer, the State Auditor, and the Attorney-General.

Seven departments are headed by a single commissioner appointed by the governor and council. Their salaries vary. These include the departments of conservation, corporations and taxation, correction, public safety, agriculture, public welfare, and education. The last three departments have advisory boards of six members appointed by the governor and council for overlapping terms of three years.<sup>12</sup>

The Department of Civil Service and Registration is dual headed.<sup>13</sup> Two old departments were renamed "divisions" of a new department.

The Department of Banking and Insurance is triple headed, with a commissioner in charge of each of its three

---

11. A.E. Buck, "The Reorganization of State Governments in the United States", (1936), p.125.

12. Ibid., pp.125, 126.

13. Ibid.





divisions.<sup>14</sup>

Seven departments are headed by boards of three to five members appointed by the governor and council with overlapping terms and varying salaries. They are industrial accidents, labor and industries, mental diseases, public health, public works, public utilities, and metropolitan district.<sup>15</sup>

This reorganization, although an improvement, left much to be desired from the standpoint of gubernatorial control. The old offices were merely regrouped and not even logically at that. Boards which could not fit anywhere were put under the governor and council. The principal administrative officers had longer terms than the governor. The governor's powers of appointment and removal were still restricted.

The Webster Report of 1922 considered the reorganization unsatisfactory. This report approached the problem of state government from the angle of business administration. It suggested that state activities be consolidated into nine departments, each headed by one man appointed by the governor.<sup>16</sup>

The proposals were rejected except for administration and finance. A commission instead of a department

---

14. A. E. Buck, "The Reorganization of State Governments in the United States", (1938), p. 125, 126.

15. Ibid.

16. Ibid., p. 128.



was formed for budgeting, accounting, purchasing, and personnel activities.<sup>17</sup>

During its early years the Commission did much to systematize the state's business.<sup>18</sup> Great economies were made. New procedures were undertaken such as installing a new accounting system.

The Commission was still found to be unsatisfactory and in 1947 a special commission was established to investigate. The latter reported that the Commission was an inadequate instrument of control, that the governor could deal better with a single administrative officer than with the members of the Commission, and that the existing laws do not provide for full integration of the Commission's functions.<sup>19</sup>

In 1948, the Commission was reorganized with the chairman replaced by a commissioner of administration who now serves at the pleasure of the governor and council.<sup>20</sup> He takes over the duties of the old Commissioner in general, such as investigating, reviewing proposed legislation, and recommending legislation. The remaining commissioners continue to serve in their individual capacities.

17. A.E. Buck, "The Reorganization of State Governments in the United States", (1938) p.128.

18. Special Commission established to make an Investigation and Study of the General Subject of expenditures (1948) p.15.

19. Ibid., pp. 13, 14.

20 Chapter 610 of the Acts and Resolves of 1948.





## 2. The Problem

The above historical background of the evolution of the governor's powers has been mentioned to illustrate the problems facing him today. His authority has been inadequate. He was restricted by a rebellious legislature during the colonial period. He was virtually a figurehead in the early state government. Executive responsibility was diffused among many officers. When state functions increased in the latter half of the nineteenth century and a wholly new administrative structure was created, the problem of the governor's lack of authority became more important than ever. Several reorganizations have occurred during recent times to bring the state administration under greater control.

Modern state administration has become so large that it is impossible for one man to control it by himself. Operating agencies are so numerous and carry on such diverse activities than an executive, such as the governor, needs aid to control and direct their activities. The staff concept has been advanced to meet this need. Staff agencies, if well organized and developed, provide the governor with the needed assistance to direct and control the activities of the operating departments.

We now come to the problem of this thesis. Do the staff agencies of Massachusetts provide the governor with sufficient aid so





that he can direct and control the operating agencies?



### 3. Standards Used

The approach to the above problem requires the use of standards as criteria. An ideal staff organization must perform certain duties. There are two main types of staff activities. The first one includes planning, studying administrative problems, advising, and observing.<sup>1</sup> Such a staff unit may be attached to a chief executive.<sup>2</sup> A staff officer in such an agency would "study questions requiring a decision, collect documents and information, plan a course of action, and advise his principal..."<sup>3</sup> The second type of staff, the so-called auxiliary staff, is concerned with control over the line agencies through financial and personnel activities.<sup>4</sup>

An ideal staff system, to function effectively, requires a strong governor as a prerequisite. The constitutional powers of the governor must be extensive enough so that he can apply the services of his staff. He should be able to appoint and remove all department heads.<sup>5</sup> The governor should be a legislative leader as well. The power of veto over bills approved by the legislature, the authority to introduce bills there, and the item veto on appropriation bills make his leadership more effective.<sup>6</sup>

The governor should have an administrative manager for

- 
1. Leonard D. White, Introduction to the Study of Public Administration, (1939), p. 42.
  2. Ibid.
  3. Ibid. p. 64.
  4. John M. Pfiffner, Public Administration (1946), pp. 88.
  5. "Model State Constitution", Committee on State Government of the National Municipal League, New York, 4th edition (1941) Sec. 507.
  6. Ibid., Sections 502, 508, 704.





state affairs as his chief advisor.<sup>7</sup> Other administrative aides would include financial, personnel, planning, and public relations assistants. If a Department of Finance is organized, then the financial assistant would be responsible for the budgeting, accounting, purchasing, and treasury functions. All financial, personnel, planning, and public relations activities must be closely coordinated.

Since these powers give the governor immense authority, agencies should exist to make his responsibility real. Among them are the legislative post-audit whereby the state auditor, appointed by the legislature and responsible to it, would audit the state's accounts to enforce executive responsibility and financial accountability.<sup>8</sup> A legislative operations audit would be similarly organized to ascertain the results of administrative actions.<sup>9</sup> To get the maximum results of these two types of audits, the legislature must be interested in sound administration.

Standards must be set not only for the general overall staff structure in relation to a strong executive, but also for the individual staff functions. These are the financial, personnel, planning, and public relations activities. Finance refers to budgeting, accounting, purchasing, and treasury management.

7. Material in this paragraph from "Model State Constitution," Committee on State Government of the National Municipal League, New York, 4th edition (1941), pp. 34-36.

8. Ibid., p. 46.

9. Deonard D. White, "Legislative Responsibility for the Public Service" in New Horizons in Public Administration, (1945), p.16.





The ideal budget is prepared by the executive and is not only on a financial report but also a complete financial plan for the future.<sup>10</sup> All the revenues should go into a general fund. "There should be no dedication of particular revenues to specific purposes" because such a system would interfere with comprehensive planning.<sup>11</sup> The budget should include both current operations and a capital outlay program.<sup>12</sup> The budget staff agency should carry on much administrative research to get the best use of resources.<sup>13</sup> The budget of public enterprises should be kept separate and have only their final financial results reported in the general budget.<sup>14</sup> Executive supervision of expenditures by the allotment method is best.<sup>15</sup> The other financial functions such as accounting, purchasing, and treasury management are really methods of budgetary control. In fact, it may be said that planning and executing the budget involve all the staff functions of a government.

The accounting system should do the following:

- (1) Maintain the central control accounts of each state fund in summary form
- (2) Furnish information for budgetary planning
- (3) Maintain the budgetary accounts

---

10. Harley Leist Lutz, Public Finance, 4th edition (1947), p. 652.

11. Ibid., p. 655.

12. Ibid., p. 653.

13. John M. Pfiffner, Public Administration, (1946), p. 380.

14. Harley Leist Lutz, Public Finance, 4th edition (1947), p. 656.

15. Austin F. MacDonald, American State Government and Administration, 3rd edition (1945), p. 355.



- (4) Pre-audit all financial transactions
- (5) Prepare financial statements
- (6) Draw warrants on the state treasury
- (7) Install the accounting system throughout all the state's agencies such as types of accounts, uniform procedures, and types of accounting forms.
- (8) Set up internal checks.<sup>16</sup>

Other principles that should be adhered to are the use of the accrual basis of accounting, the double-entry system, and a uniform fiscal year.<sup>17</sup>

The main functions of treasury management are the collection, custody, and disbursement of funds.<sup>18</sup> Depositories must be safe.<sup>19</sup> Investments should be sound and conservative.<sup>20</sup>

Purchasing functions should be centralized in one office.<sup>21</sup> Competition should be stimulated.<sup>22</sup> The following techniques should be used: standardization of specifications, inspection of goods, provisions for emergency purchases, storage and transfer of goods, equipment control, and service control.<sup>23</sup>

A sound personnel system requires the recognition of the merit principle not only in its negative sense to avoid such

16. Fladger F. Tannery, State Accounting Procedures, (1943), pp. 2, 3.
17. Ibid., pp. 10-12.
18. A.E. Buck, Public Budgeting, (1929), p. 534.
19. Fladger F. Tannery, State Accounting Procedures, (1943), p. 347.
20. Major B. Foster and Raymond Rodgers (editors), Money and Banking, 3rd edition, (1947), p. 258.
21. A.E. Buck, Public Budgeting, (1929), p. 543.
22. John M. Pfiffner, Public Administration, (1946), p. 413.
23. Ibid., pp. 415-420.





evils as spoils and corruption, but also in its positive sense. The latter refers to a merit system based on such elements as position classification, recruitment, service ratings, training, employee relations, and personnel research.<sup>24</sup> Moreover, classification must be considered as a matter of fact and not policy.<sup>25</sup>

Adequate public reporting is desirable because the governor can make his policies appeal to the general public. Since reports should "be popularized in style, design, and format..."<sup>26</sup>

A well-developed planning organization must use several types of planning. There is the broad type of planning for future objectives.<sup>27</sup> There is research on specific questions requiring a decision.<sup>28</sup>

All the above standards are used as criteria for evaluating the staff administration in Massachusetts as aiding the governor to control the operating agencies. Through their help, does he or does he not control the activities of the state?

---

24. John M. Pfiffner, Public Administration, (1946), pp. 233, 234.

25. Classification and Pay of Positions, Commonwealth of Massachusetts, Text of Report (Griffenhagen and Associates, 1945), p. 15.

26. John M. Pfiffner, Public Administration, (1946), p. 602.

27. Leonard D. White, Introduction to the Study of Public Administration, (1939), p. 31.

28. Ibid., p. 64.





#### 4. methods used

Methods used in preparing this thesis have been interviewing state officials of Massachusetts and reading books, periodicals, statutes, and reports.

These sources may be classified as primary and secondary. Primary sources would include interviews and reading the annual reports. Secondary sources include books, periodicals, manuals, and statutes. Most of the material was obtained by interviews.



## II THE GOVERNOR AND COUNCIL

Prior to analyzing the staff administration in Massachusetts, an analysis of the governor's constitutional powers is necessary. Effective staff administration requires a strong governor as a prerequisite. The most highly developed staff organization in the world will not help the governor control the operating agencies if his powers are insufficient.

The constitutional powers of the governor of Massachusetts are severely restricted. His power~~x~~ of appointment is shared with his council. He can remove state officials only for cause. He is saddled with appointments of the previous administration. He cannot lead in new legislation. He cannot provide executive leadership nor consistent unified policy.

The governor's appointments and removals must be approved by the Council.<sup>1</sup> This body has existed since colonial days. Only a few other states have kept it -- Maine, New Hampshire, and North Carolina.

The Council is composed of eight members elected from eight districts in the state. The lieutenant-governor presides ex officio. The Republicans generally have a

---

1. Leslie Lipson, "The American Governor from Figurehead to Leader" (1939), p. 198.



majority for the districts are gerrymandered in their favor. The Council divides itself into the following committees:

- (1) Pardons and Prisons
- (2) Finance, Accounts and Warrants
- (3) Waterways, Public Lands and Railroads
- (4) Charitable Institutions and State House
- (5) Military and Naval Affairs
- (6) Nominations.<sup>2</sup>

Most of these committees are unimportant. Accounts and warrants are approved in broad categories as a matter of course for the Comptroller's Bureau has already checked them. The last function is important for it involves patronage. The governor has to appoint men to vacant positions to satisfy requests for patronage and in such cases the Council may be a potent factor. When both the governor and the Council are Republican, difficulties are few. But when they belong to different parties, conflict may result. For example, the Council blocked Governor Curley in 1935-36. He had to appoint the councillors to judgeships, replacing them with Democrats until he obtained

---

2. Rules and Orders and List of Committees of the Executive Council (1947-48)





a majority in the Council.<sup>3</sup>

Removals require the Council's sanction, but very few occur because cause must be shown. Heads of departments cannot be removed by the governor and council because of differences in political views. Since such heads and other leading state officials are appointed by the governor and Council for longer terms than the governor, an incoming governor is saddled with appointments of the previous administration.<sup>4</sup> The result is that the governor is prevented from exercising any executive leadership. Unified policy is impossible.

Nor is the governor a leader in the legislature. His programs may be rejected. He does not introduce legislation. His item veto in appropriation acts is seldom used, for differences are ironed out in the committee stage.

The recent reorganization of the Commission on Administration and Finance whereby the Commissioner of Administration replaces the former chairman, is a step in increasing the governor's power.<sup>5</sup> In this case, the Commissioner has the same term as the governor and works at the latter's pleasure. The possibilities for improved coordination in financial administration is great.

3. Leslie Lipson, "The American Governor from Figurehead to Leader", (1939), p. 200.

4. Ibid., p. 199.

5. Chapter 610 of the General Laws of 1948



### III ORGANIZATION OF STAFF AGENCIES

#### 1. Place in General Overall Structure

Staff agencies in Massachusetts are not grouped together in one department, but are diffused and mixed with line agencies. Staff functions were supposed to be consolidated in the Governor's Office and line functions in the departments. When the Administrative Consolidation Act was passed, twenty departments were established, the maximum number permitted under the Constitutional Amendment of 1919. However, the Governor's Office was excepted from this act because of the assumption that staff functions would be lodged there. Instead, this office was used as a loophole in the law, for when new agencies and commissions were created that did not fit logically within the departments, or if it were politically undesirable to put them there, they were placed in the Governor's Office.

So today the Governor's Office has line and staff agencies under it. The important staff agencies, the Commission on Administration and Finance and the State Planning Board, are placed there alongside such line agencies as the Alcoholic Beverage Commission, the State Racing Commission and others. The State Superintendent of Buildings is placed there quite properly.





The twenty departments are primarily line in character, but several staff departments are among them nevertheless. Massachusetts during her reorganization period made no new provision for her independently elected executive officers, but rather kept them as before. The State Treasurer and the State Auditor still had to be independently elected. Departments for these functions had to be included among the maximum twenty; they could not be placed under the Governor and Council.

One Department, that of Civil Service and Registration, is in reality two departments. As Massachusetts' reorganization was more of a reshuffling than a reorganization, these two different offices, civil service and registration, were put in one department and called divisions of the department instead.

Such is the general picture of the organization of staff functions in Massachusetts. We now come to the specific organizational structure of each staff agency.



## 2. Commission on Administration and Finance

The Commission on Administration and Finance is the largest and most important of all the staff agencies. Its function is of course primarily financial.

The Commission is composed of four members of commissioners.<sup>1</sup> They are appointed by the Governor and Council for four year staggered terms,<sup>2</sup> except for one, the Commissioner of Administration, whose term is concurrent with that of the Governor.<sup>3</sup> He may be removed by the Governor and Council.<sup>4</sup>

Each member, with the exception of the Commissioner of Administration, is head of a bureau.<sup>5</sup> Thus the Budget Commissioner is in charge of the Budget Bureau, the Comptroller of the Comptroller's Bureau, and the State Purchasing Agent of the Purchasing Bureau.

The Comptroller's Bureau and the Purchasing Bureau are subdivided into divisions. The Comptroller's Bureau contains the Pre-Audit, Accounting, Tabulating, Payroll, and Field-Unit Divisions. The Pre-Audit Division is further subdivided into sections. They are Pre-Audit, Travelling Pre-Audit, Warrant, and Filing and Correspondence Sections.<sup>6</sup>

The Purchasing Bureau contains the following divisions: Printing, Central Mailing, Supply, Purchasing, and Tapping.<sup>7</sup>

---

1. Chapter 610, Sec. 1 of the Acts and Resolves of 1948.

2. Ibid., Sec. 4.

3. Ibid., Sec. 2.

4. Ibid.

5. Ibid., Chap. 7, Sec. 4.

6. Organizational Chart in the Comptroller's Bureau.

7. Interview with Mr. Jeremiah L. Fitzpatrick, Chief Buyer in the Purchasing Bureau, February 18, 1948, at 10:15 A.M.



CHART I: COMMISSION ON ADMINISTRATION AND FINANCE BEFORE THE  
1948 REORGANIZATION

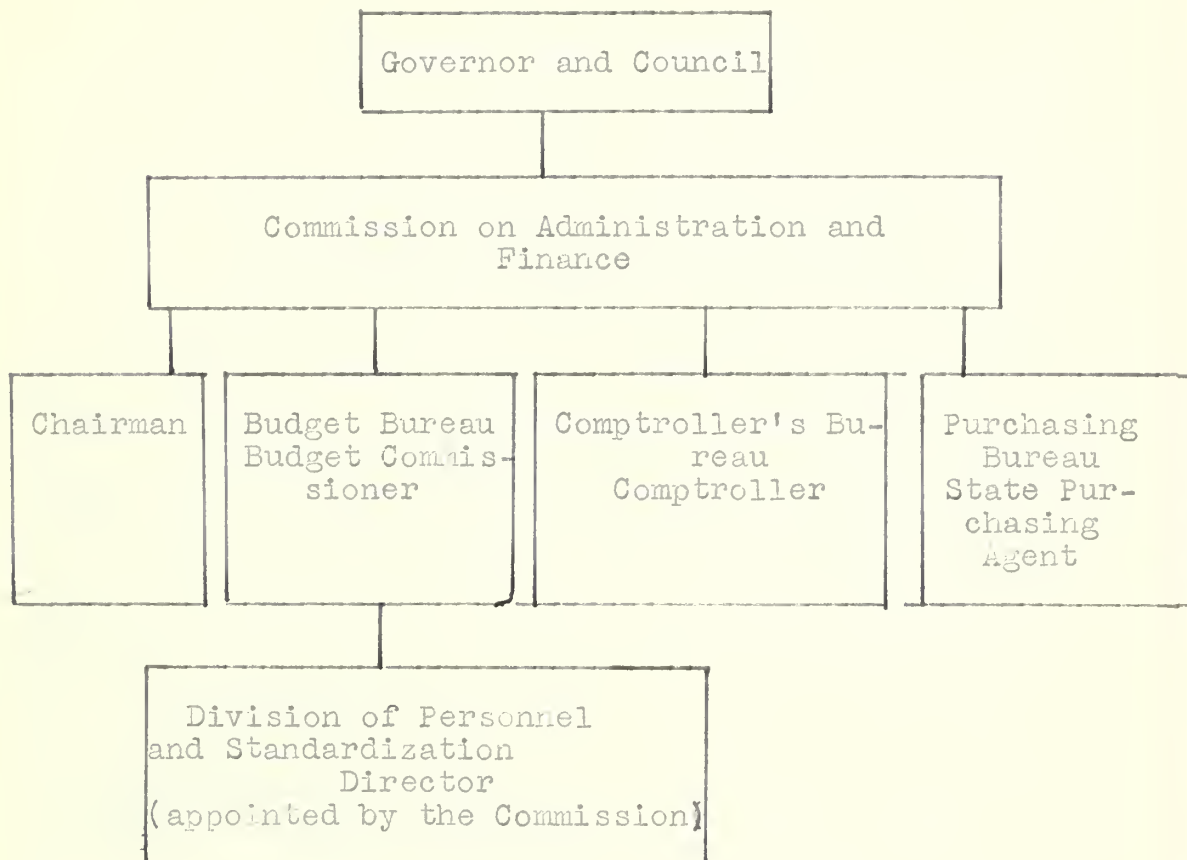






CHART II. COMMISSION ON ADMINISTRATION AND FINANCE AFTER  
THE 1948 REORGANIZATION

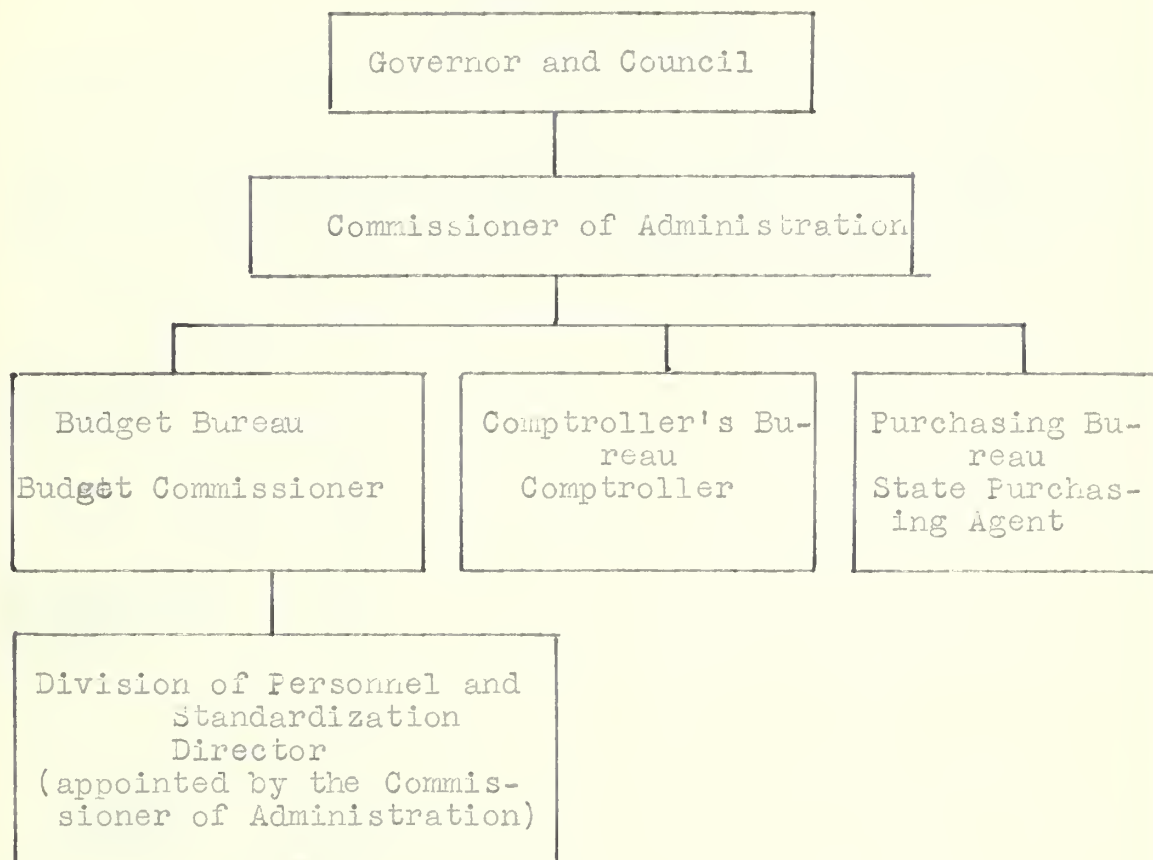
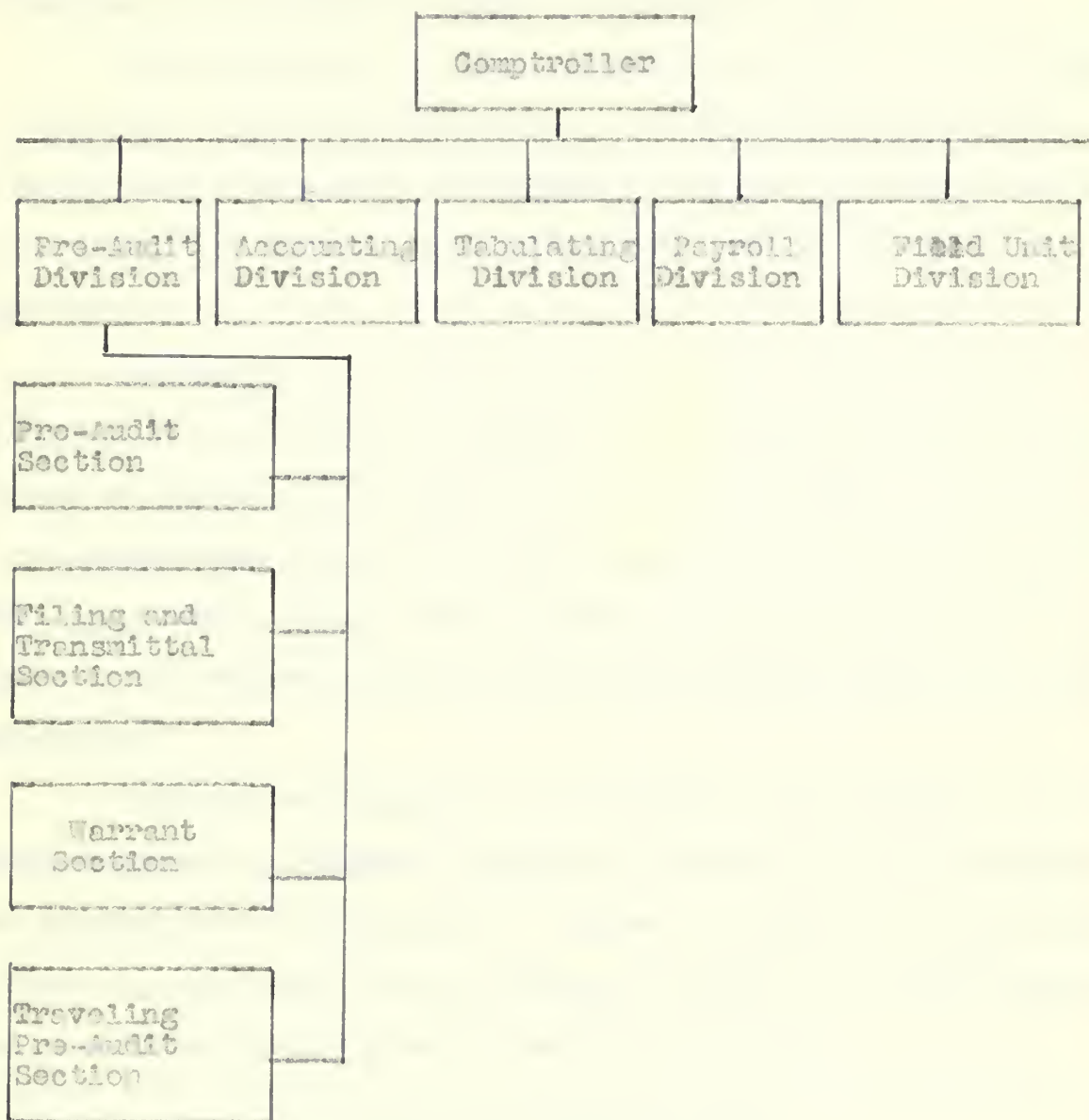




CHART III. ORGANIZATION OF THE COMPTROLLER'S BUREAU







The Commissioner of Administration, with the approval of the governor and council, appoints the Director of the Division of Personnel and Standardization.<sup>8</sup> This division is placed in the Budget Bureau.<sup>9</sup>

The commissioners, in their individual capacities, are responsible to the governor. The Budget Commissioner, the Comptroller, and the State Purchasing Agent must each in his respective field obey the instructions of the governor.<sup>10</sup> He may not always represent the governor because of his longer term.

The Commissioner of Administration has taken over the duties of the old commission when it acted as a board. He can recommend measures to the governor and council and the General Court to promote economy and efficiency.<sup>11</sup> He can recommend measures to improve the organization and procedures of the entire state administration, even if it means changing existing laws.<sup>12</sup> He reports on all proposed legislation affecting the existing organization and procedures.<sup>13</sup>

In making investigations, he can "require the production of books, papers, contracts, and documents relating to any matter within the scope of such examination or investigation."<sup>14</sup> However, in doing so he cannot compel a person to produce such material belonging to himself if the latter asserts that he would incriminate himself if he~~x~~ were to do so.<sup>15</sup>

8. Chap. 610, Sec. 3 of the Acts and Resolves of 1948.

9. Interview with Mr. Edwin T. Hebert, Technical Assistant to the Budget Commissioner, February 4, 1948, at 11:00 A.M.

10. Ibid.

11. Chap. 610, Sec. 5 of the Acts and Resolves of 1948.

12. Ibid.

13. Ibid.

14. Ibid.

15. Interview with Mr. Nicholas DeLeo, Assistant Attorney-General in charge of Veterans' Affairs, December 30, 1947, at 2:15 P.M.



### 3. The Independent Executive Offices

These departments in the so-called independent executive group are the State Treasurer, State Auditor, and the Attorney-General. Their heads are not responsible to the chief executive, but theoretically to the people. Their terms are concurrent with the governor's. The State Treasurer and State Auditor have control functions that do not involve policy decisions. The Attorney-General gives legal advice and advance opinions to the governor and the General Court.<sup>1</sup> However, the governor seldom avails himself of it.<sup>2</sup>

---

1. Interview with Mr. George B. Rowell, First Assistant to the Attorney General, February 25, 1948, at 12:00 noon.

2. Ibid.



#### 4. The Division of Civil Service

The Division of Civil Service is under the direction of the director, who is responsible for all executive and administrative matters.<sup>1</sup> He is appointed by the Civil Service Commission for a five year term and he is supposed to know personnel administration.<sup>2</sup> The Civil Service Commission is composed of five members or commissioners appointed by the governor and council.<sup>3</sup> They have five year terms which overlap.<sup>4</sup> One of these commissioners must be a representative of labor.<sup>5</sup> The governor designates the chairman.<sup>6</sup> Since the commission is of the bi-partisan type, not more than three members can belong to the same political party.<sup>7</sup> The Commission does not do any administrative work. It hears appeals of employees, makes investigations and reports.<sup>8</sup> It is paid only for its meetings.<sup>9</sup>

---

1. Annotated Laws of Massachusetts, Chap. 13, Sec. 2.

2. Ibid.

3. Ibid.

4. Ibid.

5. Ibid.

6. Ibid., Chap. 13, Sec. 2A.

7. Ibid.

8. Ibid., Chap. 31, Sec. 2.

9. Annotated Laws of Massachusetts, Chap. 13, Sec. 2A.





### 5. The State Planning Board.

The State Planning Board is composed of ten members. Six of them are appointed by the governor and council for six year overlapping terms.<sup>1</sup> The other four are ex officio members.<sup>2</sup> They are the Commission of the Metropolitan District Commission and representatives of the departments of public works, conservation, and public health. The chairman is appointed by the governor.<sup>4</sup>

The above board does not do the actual planning, but rather it hires consultants and a technical staff to do such work.<sup>5</sup> The board reviews the work only.<sup>6</sup>

- 
1. Acts and Resolves of the General Court of Massachusetts of 1935, Chap. 475.
  2. Ibid., Amended in the Acts of 1936, Chap. 307.
  3. Ibid.
  4. Acts and Resolves of the General Court of Massachusetts of 1935, Chap. 475.
  5. Interview with Mr. B. Allen Benjamin, Senior Planning Assistant in the State Planning Board, April 2, 1948, at 10:30 A.M.
  6. Ibid.



## 6. Massachusetts Public Buildings Commission

This commission, created in 1947, has been placed among the offices under the governor and council.<sup>1</sup> Its main function is capital outlay planning and its control.

The commission is composed of five members.<sup>2</sup> Four of them are appointed by the governor and council for four year overlapping terms. One of them is designated chairman. The chairman of the Commission on Administration and Finance is an ex officio member. This commission, like many others in the state, is paid only when it meets.

The commission appoints the director, who is the executive officer.<sup>3</sup> Needed technical personnel may be hired.

## 7. Superintendent of Buildings

This office, although not as important as the previous ones mentioned, is yet a staff function since it may be involved in the reorganization soon to occur. It is headed by the Superintendent who is appointed by the governor and council for a three year term.<sup>1</sup> His duties are described under the chapter on purchasing.

---

1. Section 1, Chapter 466 of the Acts of 1947.

2. Material for this paragraph was obtained from Sec. 2, Chap. 466, of the Acts of 1947.

3. Ibid.

1. Annotated Laws of Massachusetts, Chap. 8, Sec. 2.

# THE HISTORY OF THE

REIGN OF

CHARLES THE FIRST

BY

JOHN BURNET

OF

SCOTLAND

IN TWO VOLUMES

THE FIRST

VOLUME

LONDON

PRINTED BY

JOHN BURNET

OF

SCOTLAND

IN TWO VOLUMES

THE SECOND

VOLUME

LONDON

## III BUDGETING

1

1. Budget Procedure

The executive budget is used in Massachusetts, not the legislative type. The Budget Commissioner acts as the governor's representative in his budgetary capacity, although not always, due to his longer term.

The budget forms are formulated by the Budget Bureau to obtain the desired information. These include estimate forms, forms to meet changing conditions in the execution of the budget, budget notices, etc. At the present time the following six estimate forms are issued to the spending agencies:

- (1) summary and detailed estimates for maintenance
- (2) summary and detailed estimates for special projects
- (3) estimates of revenue
- (4) summary estimates for personal services
- (5) detailed list of permanent positions, filled and vacant
- (6) detailed list of reallocations or other changes in permanent positions

These estimate forms are circulated in August requesting estimates of expenditures for the coming fiscal year which starts the following July 1st. Budget instructions are issued as well. For example, the budget instructions for the 1949 Budget requested that attention be paid to the new system of subsidiary accounts which had just been devised to get greater control over the rate of expenditures, and that requests for appropriations for special projects be arranged in order of priority. It is apparent from this schedule that the Budget Bureau has to plan almost several years ahead. Most budget systems do not plan so far in the future because of the difficulty

---

1. Material in this section was obtained by an interview with Mr. Edwin T. Hebert, Technical Assistant to the Budget Commissioner, on February 4, 1948, at 11:00 A.M.





of obtaining accuracy. The longer that the budget officials must plan ahead, the weaker and more subject to change does the budget plan become.

The estimates must be returned to the Budget Bureau by September 15th. The departments and institutions have their own methods of making their estimates.

These estimates are reviewed by the Budget Bureau. Estimates for personal services are reviewed by the Division of Personnel and Standardization. Various techniques are used in this review. They are compared with the expenditures of previous years and any wide fluctuation must be explained. Those that remain constant from year to year are also reviewed to see if present conditions warrant the same rate of expenditure. Unusual items must be explained. New statutory requirements must be met. Current economic conditions, such as fluctuating price levels, shortages, etc. must always be borne in mind.

Conferences or hearings between budget officials and departmental representatives are held. These meetings are informal and private and the departments may elaborate their requests. Further revisions are made if they are deemed desirable. Very few are made after this point. It must be remembered that the Budget Bureau can raise or lower these estimates or else leave them as they are. However, these revisions must be made within legal requirements, such as ear-marked revenues being used for the specific purpose for which they were raised. There are so many of these restrictions that administrative discretion is greatly weakened as a result.

The budget is then printed, showing these recommendations which the Committee on Ways and Means and the General Court will approve, modify, or reject. The governor delivers his message to the General Court, showing



his policies, problems, and goals as shown in the recommendations of the Budget Bureau and within administrative discretion.

The Committee on Ways and Means holds public hearings on the budget proposals. Department heads and interested persons may attend. The former can give their reasons for or against items in the budget. The fact that they need not follow the governor's proposals illustrates the inadequacy of the governor's power.

The Committee then holds its executive session with the Budget Commissioner in attendance. This session is not open to the public. The budget proposals are voted on item by item. The appropriations are in lump sum. However, these lump sum appropriations are made in the understanding that they will be spent in a certain way; that is, they will be spent as prescribed in the system of subsidiary accounts. The latter do not appear in the appropriation act and any deviation from them must have the approval of the Budget Bureau.

After all items of appropriation are passed, they are incorporated in the General Appropriation Bill. These appropriations follow the same item numbers as in the budget document. This bill is passed by the General and signed by the governor as a matter of course.

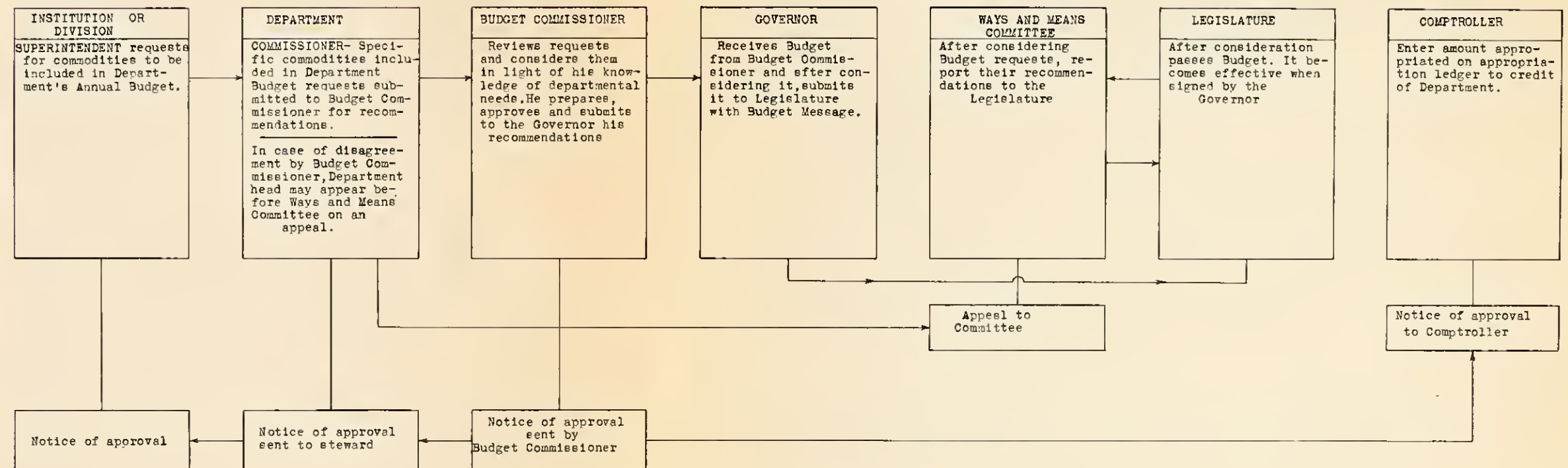
The above is the main appropriation act, but it does not cover all contingencies. For that reason other appropriation acts are necessary. The necessity of these acts show that the budget plan is incomplete.

To take care of deficiencies during the current fiscal year, additional money for the spending agencies is needed. These are entered in the Deficiency Appropriation Bill. For example, additional money was appropriated during the 1947 fiscal year because of the greater cost of the





## CHART IV

THE COMMONWEALTH OF MASSACHUSETTS  
PRESENT BUDGETING PROCEDURE

From the Report of the Special Commission on Taxation and Public Expenditures (1938) Part XII Administration of Fiscal Affairs p.22.





new retirement system for state employees (which was not expected to increase the financial burden), the rising cost of commodities, the retirement of teachers, etc.

New appropriations are needed at the end of the legislative session in addition to the General Appropriation Bill. They are incorporated in the Supplementary Appropriation Act. Such expenditures are needed because they were unforeseen, showing the incompleteness of budgetary planning. There were several big items in this category in the 1947 budget year.

During the year, the Budget Bureau reviews requests for deficiency and supplementary expenditures. These two extra appropriation acts use the same item numbers as the main act.

## 2. Budget Forms

Budget estimate forms for personal services, maintenance, special objects, and revenue are filled by the spending agencies and reviewed by the Budget Bureau.

There are three forms for personal services: one is a summary form and the other two are detailed forms, all of which are reviewed by the Division of Personnel and Standardization.<sup>1</sup> An analysis of these forms will show that the information requested is quite complete and extensive control over the spending agencies is exercised.

Budget form A-1 is the summary form for personal services. First, information for purposes of comparison is requested in this form. These include the actual expenditures of the previous fiscal year, actual and

---

1. Material on the forms for personal services was obtained by an interview with Miss Elizabeth V. Van Hall, Senior Budget Examiner in the Division of Personnel and Standardization, April 5, 1948 at 10:30 A.M.



estimated expenditures for the current fiscal year, and estimated expenditures for the coming fiscal year. Also the number of permanent positions filled in the current and budget years with the amounts spent on them and the number of permanent positions vacant for the current and budget years with those filled by substitutes and those not filled at all are also requested.

With the above data used as a basis of review, the real control functions of the budget now begins. These are the changes increasing cost and those decreasing cost. Items that cause changes increasing cost are the following:

- (1) Number of permanent positions: These may be increased within the limits set by the appropriation act. Requests to increase them must have the permission of the Division of Personnel and Standardization. Reasons must be given in writing justifying the increase. The Division has full authority to reject such requests if it so desires.
- (2) Step-rate increases: These are automatic and cannot be reduced by the Division. They occur between the minimum and the maximum rates of a given salary range.
- (3) Longevity increases: These also are not subject to reduction by the Division. They are automatic increases for those employees who have reached the maximum rate for their class and are unable to get a promotion due to lack of openings. This is primarily a seniority increase.
- (4) Reallocations and other changes: As duties of different positions change as time goes by, requests for changing the classification of

x

x

-

.

6

- - - - -

.

.

- - - - -

- - - - -

- - - - -

- - - - -

- - - - -

- - - - -

- - - - -

- - - - -

- - - - -

- - - - -



positions into higher pay brackets are reviewed by the Division.

It has full discretion in changing the classification or not.

- (5) Salary in lieu of vacations: This is not used now as it is considered too drastic.

The following are changes decreasing cost:

- (1) Number of permanent positions: These may be reduced either by legislative act or within the given maximum by the Division. However no employee is discharged if such a reduction is deemed necessary. Either the position has been vacant for so long a time that it is no longer needed or else the incumbent is transferred to another agency.
- (2) Other changes: Decreases due to turnover, absences, etc.

Other requests of a budgetary nature follow. Requests for overtime and vacation relief are reviewed and may be allowed or rejected. Requests for temporary positions are reviewed to see if such positions are needed and the Division has full administrative discretion on this point. Estimated savings from vacancies, substitutes, turnover, etc. are a result of circumstances rather than control.

Budget form A-2 is a detailed form, the results of which are used in summary form A-1. Detailed information is requested of the number of permanent positions filled and their total annual rates for the previous fiscal year, along with the number of permanent positions vacant and their total annual rates. Those that are filled by substitutes and those that are not must also be made clear.

Budget form A-3 is the other detailed form on personal services. Its results are also used in summary form A-1. Requests for reallocations



1. The first part of the paper discusses the importance of the study of the history of the English language.

2. The second part of the paper discusses the importance of the study of the history of the English language.

3. The third part of the paper discusses the importance of the study of the history of the English language.

4. The fourth part of the paper discusses the importance of the study of the history of the English language.

5. The fifth part of the paper discusses the importance of the study of the history of the English language.

6. The sixth part of the paper discusses the importance of the study of the history of the English language.

7. The seventh part of the paper discusses the importance of the study of the history of the English language.

8. The eighth part of the paper discusses the importance of the study of the history of the English language.

9. The ninth part of the paper discusses the importance of the study of the history of the English language.

10. The tenth part of the paper discusses the importance of the study of the history of the English language.

11. The eleventh part of the paper discusses the importance of the study of the history of the English language.

12. The twelfth part of the paper discusses the importance of the study of the history of the English language.

13. The thirteenth part of the paper discusses the importance of the study of the history of the English language.

(changes in position classification) and other changes in permanent positions may be given. The old title and salary rate with the proposed new title and its salary rate must be given. Apparently the Division does not expect any requests for decreasing the cost of a reallocation. Reasons justifying the proposed increase must be given on a separate sheet.

Proposed increase or decrease in the number of permanent positions are shown on this form also. Here again the reasons for doing so must be entered on a separate sheet. Also the requirements for temporary and other services are listed with their reasons on another sheet. Type, period needed, and cost of such services must be shown.

The remaining three estimate forms are reviewed by the Budget Bureau itself.<sup>2</sup> The Summary Budget Form 1 contains estimates for maintenance. The lump sum is given on the front page and on the back page. This same figure is subdivided according to the new system of subsidiary accounts. There are nineteen of these accounts. They are as follows:

- 01 Salaries, Permanent Positions
- 02 Salaried, Other
- 03 Services, Non-Employees
- 04 Food for Persons
- 05 Clothing
- 06 Housekeeping Supplies and Expenses
- 07 Laboratory, Medical and General Care
- 08 Heat and Other Plant Operation
- 09 Farm and Grounds
- 10 Travel and Automotive Expenses
- 11 Advertising and Printing
- 12 Repairs, Alterations and Additions
- 13 Special Supplies and Expenses
- 14 Office and Administrative Expenses
- 15 Equipment
- 16 Rentals
- 17 State Aid

---

2. Material on the remaining estimate forms was obtained by an interview with Mr. Edwin T. Hebert, Technical Assistant to the Budget Commissioner, February 4, 1948, at 11: A.M.



- 18 Special Outlay
- 19 Debt Services

Not every lump sum appropriation can be divided into each one of these subsidiary accounts. For example, an appropriation for maintenance could include among others 03, 04, 05, etc. but not 01, 02, and 03.

Between these outer pages, the spending agencies fill their estimates in detail. They use their own methods in so doing. The review of such figures requires knowledge of the activities of the spending agencies.

Summary Budget Form 2 contains estimates for special projects. These do not mean capital outlay in its strict sense, but rather those expenses that are not listed as current expenses. Primarily, they are outlays for depreciation. Examples of such special projects would be installing a new furnace at an institution or replacing plumbing fixtures. Such projects are listed according to priority on the front page of this form. On the back page is a general progress report which describes what has been done to date, showing the amount and date of the appropriation, with total expenditures, outstanding liabilities, and the unencumbered balance. Between the outer pages of this form is the same material in detail.

Summary Budget Form 3 is for the revenue estimates. There is no standard method of making these estimates. Rather each agency has its own method of making these estimates because of varying conditions within them. For example, the Department of Public Works would estimate its revenue from the fines and fees it collects. The University of Massachusetts at Fort Devens virtually knows the revenue from its tuition charges. The main point is that the departments are very accurate in their estimates. There are no inflated or deflated revenue estimates.





### 3. Budget Execution

The process of budget execution begins after the appropriation act has been passed.<sup>1</sup> The money that has been appropriated is not automatically given to the spending agencies, but must be allotted to them by the Budget Bureau. Moreover the appropriation is an authorization to spend, not an order. The Budget Bureau is directed to save if possible.

All appropriations are allotted except for the following:

- (1) Offices of the governor and the lieutenant-governor
- (2) The Legislative Department because of the theory of separation of powers

(3) The Judiciary Department for the same reason. However, the Board of Probation, the Land Court, and the Reporter of Decisions, all of which are in the Judicial Department, have their funds allotted to them.

Allotments are given out quarterly. There are four allotment periods to the fiscal year. The power of the Budget Bureau over allotment requests is complete. They may be reduced, increased, or left as they are. Small items, however, are not allotted.

After the spending agencies have learned what their appropriations for the budget year are, they are requested to set up tentative allotment requests for the four quarters plus a reserve for contingencies. These figures add up to the appropriation. The subsidiary accounts under each item of appropriation are also divided into quarterly periods and tentative allotment requests are made under them plus a reserve for contingencies.

---

1. Material in this section was obtained by an interview with Mr. Joseph F. O'Connell, Assistant to the Budget Commissioner, February 10, 1948 at 3:00 P.M.





These allotment requests are reviewed by the Budget Bureau. They follow their timetable of expenditures. If these requests are found to be reasonable, then funds for the first quarter are allotted. This is the actual allotment and the spending agencies now have money available to meet their expenses. When the second quarter rolls around, the process is repeated.

The subsidiary accounts and the allotment schedule are devices for control. They are flexible and may be changed to meet varying conditions. Only the items of appropriation are rigid and may be changed by the General Court, not the administration.

The following changes within the items of appropriation may be made:

- (1) Additional allotment within the same subsidiary account
- (2) Transfer from one subsidiary account to another
- (3) Transfer from an allotment in one subsidiary account to increase an allotment in another subsidiary account

All requests for such changes by the spending agencies must be accompanied by letters of explanation. The Budget Bureau may grant, refuse, or modify them.

If, under a tentative allotment schedule of a subsidiary account, the first allotment is found to be insufficient, then funds may be brought forward from one of the other quarters and be made available for expenditure. Of course, less money is then available for the future, and care must be taken to avoid running short.

If one subsidiary account is found to be in excess of requirements and another too little, then a transfer may be made to increase the deficient



account from the one in excess. After this procedure has been completed, then an additional allotment is made available in the subsidiary account that was found to be deficient.<sup>2</sup>

All the funds of the subsidiary accounts are allotted during the final quarter of the fiscal year. If the final allotment of one subsidiary account exceeded its needs whereas another ran short, then a transfer may be arranged. The subsidiary account and the allotment of the one in short will be increased by the amount needed, and the other subsidiary account and allotment will be decreased by this same figure.<sup>3</sup>

#### 4. Budget Document

The budget document of the state has many of the elements set up in the standard. That part of the budget document containing the general picture with its budget message and supporting schedules is concentrated mostly at the beginning of the document.<sup>1</sup> However no brief summary statement is given. The detailed financial estimates follow.<sup>2</sup> The revenue and appropriation acts are not printed here, but in the Acts and Resolves instead.

The budget message of the governor is quite complete in its description of the financial policy of the state. The financial condition of the budget is stated to be satisfactory because revenues are expected to meet proposed expenditures without resorting to the "State tax." The revenue

2. Interview with Mr. Joseph O'Connell, Assistant to the Budget Commissioner, April 12, 1948 at 3:30 P.M.

3. Ibid.

1. Budget Recommendations of Massachusetts for the fiscal year 1949, pp. v-viii, 3-11.

2. Ibid pp. 12-113.





policy remains unchanged for the same taxes are to continue. Important financial issues are discussed, such as advocating economy in administration, the limitations on administrative discretion, the importance of highway repair and construction, and the increasing requirements of old age assistance in the future. Capital budgeting policies are discussed and no new capital outlays are advocated except those authorized by statute. Major repairs may have to be undertaken if necessary in spite of high costs and unsatisfactory bids. A discussion of the state's indebtedness is not in the message as it should be, although a statement on the condition of state debt is given towards the end of the document.<sup>3</sup>

No budget summary giving an overall view of revenues and expenditures on one page is given. Nor are there any summary statements of the financial condition of public enterprises, such as the MTA.

Supporting schedules of the budget are not grouped together as well as they could be. A few of these schedules are grouped together at the beginning of the document. They are the proposed expenditures by organization unit on one statement. Classification of revenues by fund and sources and of expenditures by runs with their surplus or deficits are indicated in another statement. The condition of the state debt is placed at the end of the document. Reimbursement and distributions in summary form is an important

---

3. Budget Recommendations of Massachusetts for 1949, pp. 114.



The first part of the paper discusses the importance of the  
 research and the objectives of the study. It also outlines the  
 methodology used in the study and the data sources. The second  
 part of the paper presents the results of the study and discusses  
 the implications of the findings. The third part of the paper  
 concludes the study and provides recommendations for future  
 research.

supporting schedule for Massachusetts and is properly placed with the others. Several important supporting schedules are missing, however, such as serial bond redemptions, sinking fund installments, and proposed bond issues with their redemption requirements and annual interest charges.

Other drawbacks of this part of the budget document are that it is not printed by itself for popular appeal, and no attractive graphs, charts and pictures are used. The result is that a tremendous opportunity for public reporting is thereby lost.

The detailed financial plan of the estimates of revenue and expenditures, according to the standard used, should be complete in every way, even though it becomes technical. The budget document does give some important information of this sort. For example, a recapitulation of revenue and expenditures by organization unit is given. Detailed estimates of expenditures of the spending agencies follow. Comparisons with previous and current fiscal years are made along with citations of statutes. The requested and recommended requests for the coming fiscal year are shown.

However, much information is lacking. There is no detailed revenue data and no financial statements. The subsidiary accounts of the items of appropriation could be entered. The budget of a public enterprise like the MTA



could be annexed. Information of a non-financial nature, such as the work of the agencies, their personnel, the supplies used, etc. could be mentioned. Charts, graphs, cost data, statistics, etc. could also be added.

The budget bills, which should form the final part of the budget document, are entirely missing and put in the Acts and Resolves instead.<sup>4</sup> There they follow the same items of appropriation as in the budget document.

From the standpoint of sound administration, the General Court observes certain necessary restrictive provisions in passing the budget bill. They are: (1) naming the amount of the appropriation (an obvious necessity), (2) the availability of the funds is restricted to the coming budget year, (3) the organization units are named, and, (4) the funds from which the appropriations are payable. Control over expenditures such as allotments and transfers is left to the administration, and appropriations are authorizations to spend. Riders are forbidden.

Revenue bills are permanent laws and so are separate from the budget bills.

It is apparent by now that the budget document of Massachusetts lacks many items which it should have. There is no attractive summary to appeal to the layman. Data for the technician is insufficient.

---

4. General Appropriation Act of 1947.



### 5. Capital Outlay Budgeting

The Massachusetts Public Building Commission is responsible for planning a long range capital outlay program on buildings. Individual plans are referred to as projects. It is also responsible for the execution of those projects approved by the General Court. It is the legislature's intent to make capital outlay a continual program, but only time will tell if this will be so, since so much depends on favorable economic conditions.<sup>1</sup>

A project, under this program, must cost at least \$5000, and must be financed in whole or in part by special appropriations, bond issues, federal funds, or any combination of these.<sup>2</sup>

All the state agencies can submit requests for capital outlay to the commission.<sup>3</sup> All these requests must be arranged according to priority. Those projects which can no longer be delayed are listed first. Those that are secondary come next. The agencies may list as many projects as they wish. What they request is generally needed, but all these requests put together are beyond the state's ability to pay. So urgent ones have to come first.

- 
1. Interview with Mr. Hall Nichols, Director of the Massachusetts Public Building Commission, May 10, 1948, at 2:30 P.M.
  2. Section 3, Chapter 466, of the Acts of 1947.
  3. Material in this paragraph was obtained by an interview with Mr. Hall Nichols, Director of the Massachusetts Public Building Commission, May 10, 1948, at 2:30 P.M.





The commission reviews these requests for their need and probable cost.<sup>4</sup> It makes its own preliminary plans on its own initiative. A five year program has been prepared, naming those projects to be undertaken each year according to their need and cost. These plans will have to be revised annually because if an important project is rejected by the General Court, then the same plan will be presented again the following year. The commission is well acquainted with the needs of the departments and institutions because its members and personnel have had experience in these problems before. A report is made annually to the Commission on Administration and Finance showing the list of requested projects and the estimated cost. Its recommendations are classified as those projects that are needed immediately and those that are not.

The General Court reviews these recommendations and approves some projects. All plans, specifications, and contracts must be approved by the commission before money can be spent or construction begun.<sup>5</sup> Once these are approved, no alterations can be made.<sup>6</sup> Moreover, the commission can examine the quality of construction and require that the

---

4. Material in this paragraph was obtained by an interview with Mr. Hall Nichols, Director of the Massachusetts Public Buildings Commission, May 10, 1948, at 2:30 P.M.

5. Section 3, Chapter 466 of the Acts of 1947.

6. Ibid.



work be done according to plan.<sup>7</sup> The commission is well aware of what the probable building costs will be and for that reason can tell if a proposed bid will cover the cost. The commission accepts the lowest bid that it knows will cover the cost of construction.<sup>8</sup>

#### 6. Critical Analysis of the Budget System

The so-called Executive Budget of Massachusetts may appear to be fundamentally complete by what has been written so far, but such is not the case. An analysis will show its shortcomings.

Since a budget is a comprehensive financial plan, it requires adequate staff assistance, which Massachusetts does not have. What assistance the governor does get to formulate executive policy is quite informal and inadequate. State planning agencies are not concerned with budgetary planning, although the recently created Massachusetts Public Building Commission might evolve to that stage as far as capital budgeting is concerned. The General Court will then have to recognize that capital construction is a continual process and that money will have to be appropriated annually for such purposes. Moreover, economic conditions must be

---

7. Section 3, Chapter 466 of the Acts of 1947.

8. Interview with Mr. Hall Nichols, Director of the Massachusetts Public Building Commission, May 10, 1948, at 2:30 P.M.



favorable so that a surplus of revenues over expenditures is consistent. At the present moment, the high cost of construction is discouraging capital outlay.<sup>1</sup> Only new construction that is absolutely needed is being authorized. Budgetary planning also involves research on what has been done and so an administrative operations audit would be needed. Such an audit does not exist in Massachusetts.<sup>2</sup> Moreover the system of cost accounting is entirely inadequate. A consistent executive plan at the moment would require a longer gubernatorial term. Two years is too short. The governor is rushed for time in preparing his budget as he enters office. When he does have time in his second year, it is also his last year unless he is reelected. The system of multiple appropriation acts show the lack of planning. If planning were complete only one would be necessary. Moreover the budget procedure is timed too early. What planning there is has to be almost two years in advance. The appropriation act is passed three or four months ahead of the fiscal year it applies. If it were moved nearer, planning the budget would be easier.

Another shortcoming in formulating the budget are statutory restrictions. The system of special funds is especially well-developed in Massachusetts. Almost half of

- 
1. Interview with Mr. Hall Nichols, Director of the Massachusetts Public Building Commission, May 10, 1948, at 2:30 P.M.
  2. Interview with Mr. William Cohen, Semi-senior accountant in the Comptroller's Bureau, April 12, 1948, at 11:00 A.M.





the revenue is earmarked for special purposes and the executive can do nothing about it, although there is some discretion within the funds, primarily in the matter of supplies. Reimbursements to cities and towns are required by law and they account for a sizeable sum. Automatic step-rate and longevity increases are also required by law. However pension payments, debt service, and other fixed charges are necessary restrictions. The organizational setup also hampers the governor's authority. Many departments are headed by boards and commissions as well as by one man. Their terms are longer than the governor's and they may be removed only for cause. So the governor has to deal with men of different views who are not responsible to him.

There are, however, satisfactory features of the budget system, which do not, unfortunately, counterbalance the shortcomings mentioned above. The budget is financially sound. There is no going into debt to meet current expenses. Legislative procedure is also sound. Lump-sum appropriations, no automatic appropriations, no riders etc. are always desirable.

These criticisms of the budget are mentioned at this stage because they are fundamental and are the real reasons why the governor cannot be called an administrative manager. The remaining functions are primarily control and executory and no matter how efficient and thorough they may be, they cannot overcome the above shortcomings.



No matter how much power the governor has in executing the budget, he will not be able to control the activities of the operating agencies if he lacks staff assistance in formulating the budget plan and if he is hemmed in by statutory restrictions.



## V ACCOUNTING

### 1. Central Control and Subsidiary Accounts

The Accounting Division maintains the General Ledger Accounts.<sup>1</sup> These central control accounts are classified according to fund. Among them are the following :

- (1) General Fund: the largest of all the funds and whose revenues are not earmarked for any special purpose.
- (2) Special Revenue Funds: there are many of these funds whose revenues are earmarked for special purposes. For example, the Highway Fund whereby revenues from gasoline taxes, fines, and fees, must be used for highway building and repair.
- (3) Revolving Funds: these are working capital funds such as the Purchasing Bureau uses in making large scale purchases on short notice.
- (4) Trust and Agency Funds: these are accounts of funds belonging to another level of government, such as the accounts of those income taxes collected by the state for both state and federal governments.

---

1. Material in this paragraph was obtained by an interview with Mr. William Cohen, Semi-Senior Accountant of the Accounting Division, April 12, 1948, at 11:00 A.M.





- (5) Bond and Sinking Funds: these are the accounts ~~of~~ of the State's indebtedness, such as money owed and paid, and computation of interest.
- (6) Property and Debt: these are the accounts of the valuation of state owned property, such as land and buildings.

There are many other control accounts, but the above are the most important. They also have cross references with the subsidiary accounts.

Revenues are classified according to fund, agency, and source.<sup>2</sup> A seven digit code is used: the first two digits designate the fund, the second two the agency, and the last three the source. The latter is further classified into the following categories: taxes, licenses and fees, fines and penalties, grants from the federal government, sales and services, miscellaneous revenues, and non-revenue receipts.(refunds).

The Accounting Division also maintains the budgetary accounts.<sup>3</sup> This is a very important activity because their purpose is to keep expenditures within the appropriations. The most important of these budgetary accounts are

---

2. Material in this paragraph was obtained by an interview with Mr. William Cohen, Semi-Senior Accountant of the Accounting Division, April 12, 1948, at 11:00 A.M.

3. Material in this paragraph was obtained by an interview with Mr. James F. Roche, Semi-Senior Accountant of the Accounting Division, December 23, 1948, at 4:00 P.M.



the estimated and actual revenues, inter and intra fund receipts and disbursements, appropriations, allotments, encumbrances, transfers, and others. Monthly tabulations of cash receipts and disbursements are made, both of which are received by the treasurer who sends a certified copy to the comptroller. Monthly tabulations are also kept of encumbrances and expenditures.

A description of the accounting procedures in the budgetary accounts illustrates the rigid control exercised over expenditures to prevent overspending.<sup>4</sup> These procedures are credit and debit operations. When the appropriation is set up at the beginning of the fiscal year, this figure is credited. When the first allotment against this appropriation is sent in by the Budget Bureau, it is credited and the appropriation debited by a like amount. An encumbrance against this allotment will be credited and the allotment debited. When cash is paid from the encumbrance or allotment, then liquidations are credited and allotments or encumbrances are debited. At the end of the fiscal year, all accounts are closed and new ones started, except for outstanding encumbrances which become accounts payable. All the above operations are based on the double entry and accrual systems of accounting. All accounts of appropriations, allotments, etc. are carefully watched so that money is

---

4. Material in this paragraph was obtained by an interview with Mr. James F. Roche, Semi-Senior Accountant of the Accounting Division, December 23, 1948, at 4:00 P.M.



spent according to the budget plan. Cross-checks are kept with the subsidiary accounts of the Tabulating Division and the spending agencies.<sup>5</sup> When changes are made, relationships between the control accounts of the division and the subsidiary accounts of the spending agencies are affected. These problems have to be solved. More and more accounting functions are being taken away from the departments and institutions until eventually they will keep only original records, showing how accounting is becoming more centralized. Such a development is increasing the governor's control over the spending agencies, since the Comptroller is subject to his orders.

The Tabulating Division maintains the subsidiary accounts by the use of accounting machines rented to the state by the International Business Machine Corporation (IBM).<sup>6</sup> All vouchers have been pre-audited and so are authorized payments. What remains to be done with these vouchers is to see if funds are available to pay them. For this reason, subsidiary accounts of allotments and encumbrances are kept. If funds are available, then warrants are made to be drawn against the treasury. If not, the voucher is returned. Up to the minute track of expenditures are kept to prevent overpayment. Weekly and monthly totals of

---

5. Material in this paragraph was obtained by an interview with Mr. William Cohen, Semi-Senior Accountant in the Accounting Division, April 12, 1948, at 11:00 A.M.

6. Material in this paragraph was obtained by an interview with Mr. John Bernard Fouhy, Head Statistical Machine Operator, December 23, 1947, at 3:00 P.M.





expenditures are kept and checked with those of the Accounting Division.

The Field Unit Division maintains the subsidiary accounts of the spending agencies.<sup>7</sup> It installs their accounting systems to get the information it wants. Changes are continually being made in them because of changing conditions. It straightens out their accounting problems. It audits their accounts and closes their books at the end of the fiscal year except for enclubrances. All of its duties illustrate how accounting is a function of management.

The power to install accounting systems increases the power of the comptroller and the governor. The system of budgetary accounts enables the governor to control the execution of the budget so funds are spent as planned. However, such control has not been complete at times and so the new system of subsidiary accounts had to be developed. Time will tell if it will prevent the occasional overspending of the past.

---

7. Material in this paragraph was obtained by an interview with Mr. Joseph H. O'Shea, Senior Clerk in the Field Unit Division, December 23, 1947, at 3:30 P.M.



## 2. Pre-Audit

The function of pre-audit is done by the Payroll and Pre-Audit Divisions. All vouchers are pre-audited for accuracy and legality.

All vouchers must pass through the Filing and Transmittal Section.<sup>1</sup> Here they are encumbered, segregated, and sent to their proper pre-audit section. Cash discount vouchers are given priority for obvious reasons. After vouchers have passed through their proper pre-audit section and become warrants on the Treasury and paid, they are returned to this section and filed.

Vouchers for traveling expenses are pre-audited by the Traveling Pre-Audit Section.<sup>2</sup> These bills must conform to the statutes and the detailed rules of the Commission on Administration and Finance, such as so much per mile, so much per meal, etc. The section watches for sufficiency of funds for travel and makes reimbursements to individuals for authorized travelling expenses. It also checks the reasonableness of traveling expenses, and for this reason knows fares, hotel costs, mileages, etc.

The Pre-Audit Section pre-audits purchase orders

- 
1. Material in this paragraph was obtained by an interview with Mr. Harold E. Hamlin, Head Administrative Clerk, February 24, 1948, at 2:00 P.M.
  2. Material in this section was obtained by an interview with Miss Catherine H. Hayes, Head Clerk in the Traveling Pre-Audit Section, February 20, 1948, at 11:30 A.M.



and contracts largely.<sup>3</sup> Invoices for land taking, land damages, rentals, and liabilities are also pre-audited.<sup>4</sup>

All invoices are computed in the chronological order they are received, except for discount invoices which are given preference.<sup>5</sup> This computation is a mathematical process checking accuracy, making totals, and watching for errors.

There are several points of interest in the pre-audit of purchase orders.<sup>6</sup> The terms of the purchase order are checked with the vendor's terms. If the vendor's terms are better, they are used. If not, then the vendor's terms are changed to those of the purchase order. previous year's credit cannot be applied against the current year's business. If the discount period has elapsed, a check is made to learn the cause of the delay and to prevent another such occurrence. Departmental sale of goods may not be applied as a credit on any bill. The total amount of the bill must be paid and any revenue has to be turned in to the treasury.

In pre-auditing contracts, a record is kept of the

---

3. Interview with Miss Maude A. McLean, Head Administrative Clerk of the Pre-Audit Section, February 16, 1948, at 10:30 A.M.

4. Ibid.

5. Material in this paragraph was obtained by an interview with Miss Maude A. McLean, Head Administrative Clerk of the Pre-Audit Section, February 17, 1948, at 1:30 P.M.

6. Ibid.





provisions of each one and then filed.<sup>7</sup> These contracts are checked with the Attorney-General in matters of form so that the state will be protected in any law case that may arise. There are many other precautions that must be taken to assure the legality of such contracts. For example, contracts ~~over~~ \$5000 must have been advertised and have bonds attached. Contracts for construction of buildings over \$5000 require the approval of the Massachusetts Public Buildings Commission. Money must be available for each contract and so certified by the Comptroller prior to awarding them.

Land invoices for the purchase or damage to land are also pre-audited by this section.<sup>8</sup> These must be checked for their accuracy and completeness. For example, if an award has been made for damage to land, then a signed release from the principal must be attached to the invoice. Disputed claims must have releases signed by both the principal and the Attorney-General. Rent invoices must have been approved by competent authorities.

The Warrant Section is the intermediary between the Pre-Audit Division and the Tabulating Division.<sup>9</sup> It certifies the vouchers, signed by the governor and council in broad

---

7. Material in this paragraph was obtained by an interview with Miss Maude A. McLean, Head Administrative Clerk of the Pre-Audit Section, February 17, 1948, at 1:30 P.M.

8. Ibid.

9. Material in this paragraph was obtained by an interview with Miss Margaret F. Wildes, Senior Clerk in the Warrant Section, February 20, 1948, at 10:45 P.M.



categories as proper claims against the state. These vouchers become warrants to draw money from the treasury.

The Payroll Division pre-audits payrolls.<sup>10</sup>

Records are kept of all positions. Case histories of all employees are maintained with date of entry, vacations, absences, amount paid, rate of pay, etc. Prior to authorizing payment for personal services, pre-audits are made to see that the terms of office have been carried out.

---

10. Material in this paragraph was obtained by an interview with Miss Margaret W. Irish, Head Clerk in the Payroll Division, February 27, 1948, at 11:00 A.M.



### 3. Post-Audit

There is no administrative post-audit in Massachusetts, but only the independent post-audit, a function of the Department of the State Auditor. The duties of the State Auditor's staff are comparable to those of a public accounting firm, in this case with public accounting rather than private accounting.<sup>1</sup> The state Auditor does not have to be a Certified Public Accountant as in other states.<sup>2</sup>

This department audits all accounts of the state,<sup>3</sup> but not those of the cities and towns, which is done by the Division of Accounts of the Department of Corporations and Taxation. According to law, this office has access to all accounts of state agencies at reasonable times and can require them to produce books and documents.<sup>4</sup> However, it cannot keep accounts itself except for the results of its post-audit.<sup>5</sup> A clear distinction is thus made between accounting and auditing.

The State Auditor reports to the General Court on the results of his audit and makes recommendations.<sup>6</sup>

- 
1. Interview with Mr. Thomas J. Buckley, State Auditor, February 9, 1948, at 3:00 P.M.
  2. Ibid.
  3. Annotated Laws of Massachusetts, Chapter , Section 12.
  4. Ibid.
  5. Ibid.
  6. Material in this paragraph was obtained by an interview with Mr. Thomas J. Buckley, State Auditor, February 9, 1948, at 3:00 P.M.





However, he is not responsible to that body, but theoretically to the people. Most of the time the legislature is not interested in the results of his audit. Occasionally, a political issue may be made of some error the administration has made, but this seldom happens. Generally when a mistake is found, it is corrected by the Comptroller's Bureau.

Politics frequently restricts the auditor's functions.<sup>7</sup> For example, when the elevated system came under public ownership recently, its accounts should have been made subject to the independent post-audit like other state agencies. However, this duty was given to the Department of Public Utilities, which is not an auditing agency.

It is apparent from the above description that the potentialities of the independent post-audit as a force to make administrative responsibility real, are not realized. All accounts should be audited, including public corporations, especially those with operating deficits.

---

7. Material in this paragraph was obtained by an interview with Mr. Thomas J. Buckley, State Auditor, February 9, 1948, at 3:00 P.M.



## VI TREASURY MANAGEMENT

### 1. General Characteristics

Treasury functions are located in the Department of the State Treasurer. This agency is responsible not only for the collection, custody, and disbursement of funds, but also for investments and debt administration. In fact the department resembles a bank somewhat.

The office belongs to the independent executive group, that is, it is independent of the governor.<sup>1</sup> The State Treasurer himself is independently elected and he is under no compulsion to obey the governor. In practice, however, the duties of the treasury are of a routine character and there is hardly any need of making policy decisions. However, there have been exceptions to this. For example, during the recent bonus bill for veterans, the General Court drew up legislation rather hurriedly with the result that the State Treasurer had some discretion in administering the law.

The accounting system of this department is installed by the Field Unit Division of the Comptroller's Bureau and changes are made as the need arises.<sup>2</sup> All

---

1. Material for this paragraph was obtained in an interview with Mr. Laurence Curtis, State Treasurer and Receiver-General, February 2, 1948, at 3:00 P.M.

2. Interview with Mr. Joseph H. O'Shea, Senior Clerk of the Field Unit Division, December 23, 1948, at 3:30 P.M.



employees are bonded.<sup>3</sup> The State Treasurer himself must also give bond.<sup>4</sup>

The department may recommend legislation. During the recent bonus bill, doubtful points in the law were encountered and the treasurer recommended legislation to clarify them. Examples of these doubtful points were the eligibility of Massachusetts veterans for the bonus if they were inducted outside the state, and the eligibility of the Coast Guard veterans.<sup>5</sup>

The department is divided into seven divisions: executive, bookkeeping, warrant, receiving, paying, bond, and Board of Retirement. The executive does the general supervision and the bookkeeping maintains the accounts. Warrant keeps track of the payroll and expense warrants. Receiving and paying are what their titles signify. Bond administers the debts and investments. The Board of Retirement administers the retiring funds for state employees and teachers. It also is responsible for the veterans' bonus and the withholding tax.<sup>6</sup>

The State Treasurer belongs to various boards. For

- 
3. Interview with Mr. Laurence Curtis, State Treasurer and Receiver-General, February 2, 1948, at 3:00 P.M.
  4. General Laws of Massachusetts (Tercentenary Edition) Chap. 10, Sec. 2.
  5. Report of the Treasurer and Receiver-General for the year ending June 30, 1946 (Public Document No. 10, Commonwealth of Massachusetts) pp. 6, 7.
  6. Interview with Mr. Laurence Curtis, State Treasurer and Receiver-General, February 2, 1948, at 3:00 P.M.





example, he is a member of the Board of Firemen's Relief which aids injured firemen.<sup>7</sup> He also belongs to the Board of Bank Incorporators which enacts banking regulations.<sup>8</sup>

---

7. Interview with an official in the Department of the State Treasurer, February 11, 1948, at 2:30 P.M.

8. Ibid.



## 2. Collection of Revenue

The department collects all moneys due to the Commonwealth. These include the revenue of the departments and the taxes collected by the Department of Corporations and Taxation, such as taxes on incomes, inheritances, corporations, etc.<sup>1</sup> When Federal grants-in-aid are made for Massachusetts, the money made available to defray the costs of such expenditures as highways, are also received by this department.<sup>2</sup>

The treasurer assesses and collects the state tax on cities and towns when such a tax is deemed necessary to balance the budget.<sup>3</sup> The cities and towns in turn obtain the needed money on real estate taxation. However, the budget policy of the present governor avoids doing this.<sup>4</sup>

Assessments on the cities and towns comprising the various metropolitan districts are also made by this office.<sup>5</sup> There are metropolitan districts for water, parks, and sewerage. The methods of computing the proportions which the cities and towns of the several metropolitan districts must pay are long and involved.<sup>6</sup>

---

1. Interview with Mr. Laurence Curtis, State Treasurer and Receiver-General of Massachusetts, February 2, 1948, at 3:00 P.M.

2. Ibid.

3. Ibid.

4. Budget Recommendations of Governor Bradford of Massachusetts for the fiscal year 1949 (Wright Printing Co.) p.v.

5. Interview with Mr. Laurence Curtis, Treasurer and Receiver-General, February 21, 1948, at 3:00 P.M.

6. See Public Document No. 92 (1946 Assessments for Interest, Sinking Funds, Serial Bonds and Maintenance of the Metropolitan Districts, Commonwealth of Massachusetts) pp. 2-4.



### 3. Custody of Funds

The department is responsible for the safe custody of the state's moneys, bonds, notes, etc. Cash is deposited in banks to avoid the currency problems of cash transactions. Only those banking institutions in Massachusetts that have been chartered by the national government, such as national banks and trust companies, may be used as state depositories.<sup>1</sup> Under certain conditions federal chartered New York banks may be used.<sup>2</sup> Although there are several methods of insuring state deposits, such as personal surety of responsible bank officials or the deposit of collateral or corporate surety bonds, the state does not use any of them as safeguards; rather deposits are spread among different banks for reasons of safety.<sup>3</sup>

State deposits in commercial banks which are subject to check are segregated into active and inactive accounts.<sup>4</sup> Checks are continually drawn against the active accounts whereas the inactive accounts are seldom used. These deposits are not created, but are backed up by the state's cash. Interest is not earned on these accounts for federal laws prohibit paying interest on deposits subject to

---

1. Annotated Laws of Massachusetts, Chap. 29, Sec. 34.

2. Ibid.

3. Interview with an official of the Department of State Treasurer, March 1, 1948, at 3:30 P.M.

4. Material for this paragraph obtained by the same official of the Department of the State Treasurer, March 1, 1948, at 3:30 P.M.





check. The banks do not charge the state for maintaining their checking accounts because they obtain revenue from the state's cash which they invest, and this factor enables them to meet the cost of maintaining the checking accounts.

The department maintains the funds held in trust by the state.<sup>5</sup> These include both cash and securities. Among them are the trust funds of the departments and institutions, such as those for education, public welfare, public health, etc. Foreign insurance companies, that is, those from other states, are required to maintain deposits on trust in order to do business in Massachusetts. These trusts deposits are in the form of securities. Many domestic companies do likewise to meet the requirements of other states.

---

5. Material for this paragraph obtained by an interview with the same official of the Department of the State Treasurer, March 1, 1948, at 3:30 P.M.



#### 4. Disbursement

All payments on account of the state are made through this office.<sup>1</sup> This includes all bills of the departments and institutions. No branch offices are maintained. It alone maintains the official bank account in the name of the state, for no grants of credit are given to disbursing officers. However, those institutions with weekly payrolls obtain monthly warrants from the treasury which they bank and draw against them.

The department regulates all payments. Checks of course are used to pay bills and payrolls because of their greater convenience. These checks are drawn up from warrants authorized by the Comptroller's Bureau.<sup>2</sup> There are two types: payroll and expense. The governor and council approves them in broad categories.<sup>3</sup> Advances on salaries may be given subject to the rules and regulations that the treasurer makes.<sup>4</sup> Unpaid checks are put in the unpaid check fund.<sup>5</sup>

According to law, payments may be withheld from persons having unadjusted accounts, but this occurs very

---

1. Material for this paragraph was obtained in an interview with an official in the department of the State Treasurer, February 11, 1948, at 2:30 P.M.

2. Ibid.

3. Ibid.

4. Interview with Mr. Laurence Curtis, State Treasurer and Receiver-General, February 2, 1948, at 3:30 P.M.

5. Ibid.



seldom.<sup>6</sup> This restriction applies also to the cities and towns as well.<sup>7</sup>

Paying the veterans' bonus in 1946 created immense problems for the Treasury Department. A new division had to be created, new procedures had to be planned, and personnel had to be trained.<sup>8</sup> This work was of temporary nature, and now has passed its peak.

---

6. Interview with an official in the Department of the State Treasurer, March 11, 1948, at 3:30 P.M.

7. Ibid.

8. Interview with an official in the Department of the State Treasurer, March 1, 1948, at 3:30 P.M.





## 5. Investments

Investing state funds is a very important treasury function. Custody of funds requires their sound investment. The approval of the governor and council is required on the state's investments, but in practise the governor is quite indifferent.<sup>1</sup>

Investment of state funds are in government securities, both federal, state, and local.<sup>2</sup> Private stocks and bonds cannot be purchased. Since the market value of municipal securities greatly exceed their par value, the state does not purchase these any more, but merely keeps those it already has. Investments in Treasury certificates, which are government short term notes, occur when there is excess cash on hand. These notes, like other federal securities, are very liquid. When coupon bonds are purchased, they are registered in the name of the commonwealth rather than to bearer in order to make them negotiable. Contributions to sinking funds are also invested in government bonds, but they must mature within the life of the sinking fund in order to retire the debt at maturity. Income from these investments are added to the sinking funds.

- 
1. Interview with Mr. Laurence Curtis, State Treasurer and Receiver-General, February 2, 1948, at 3:30 P.M.
  2. Material for this paragraph was obtained in an interview with an official in the Department of the State Treasurer, March 1, 1948, at 3:30 P.M.



## 6. Debt Administration

The state may borrow, both for short and long range considerations. The treasury may issue notes for money borrowed in anticipation of revenue. However, there is no need for this short term borrowing as there are always funds available.<sup>1</sup>

Bonds are issued for long range loans. These include both serial and term bonds. This debt is divided into two categories: the Direct Debt and the Contingent Debt. The former is an obligation incurred for the benefit of, and is paid by the entire Commonwealth, and the latter, while a direct obligation of the Commonwealth, has been incurred for the forty-three cities and towns in the vicinity of and including Boston, called the metropolitan district, for the construction of water, sewerage and park systems. The interest sinking fund and serial bond requirements are assessed annually upon the cities and towns of the district. The contingent debt also includes the following loans: Cambridge Subway and Emergency Finance.<sup>2</sup>

- 
1. Interview with an official of the Department of the State Treasurer, March 1, 1948, at 3:30 P.M.
  2. Report of the Treasurer and Receiver-General for the year ending June 30, 1946 (Public Document No. 10, Commonwealth of Massachusetts), p.2.



## VII PURCHASING

### 1. General Observations

The Commonwealth recognizes the principle of centralized purchasing. All purchases are made by the Purchasing Bureau or under its direction with the exception of legislative and military supplies.<sup>1</sup> All contracts are formulated by the bureau.<sup>2</sup>

The Purchasing Bureau is organized into the following divisions: Purchasing, Supply, Laboratory, Printing, and Central Mailing.<sup>3</sup>

The office maintains those records which are characteristic of the purchasing function. These include records of supply sources, purchase orders and contracts, prices, specifications, inspections, etc.<sup>4</sup> Such records as these do not duplicate the records of other agencies such as the Comptroller's Bureau.

When requisitions for purchases come in from the spending agencies, the State Purchasing Agent has immense power in determining whether they may have such an article or something similar.<sup>5</sup> For example, if one agency wants a

1. Rules and Regulations Governing Purchasing, Commission on Administration and Finance, 1923, p.2.

2. Ibid.

3. Interview with Mr. Jeremiah L. Fitzpatrick, Chief Buyer in the Purchasing Bureau, February 18, 1948, at 10:15 A.M.

4. Ibid.

5. Ibid. , on March 8, 1948, at 3:00 P.M.





blue car and another a green one, then the Purchasing Agent can compel both of them to accept a black car. He may specify the make of the car as well. Such authority is necessary to get standardization and efficiency. With the State Purchasing Agent as the governor's agent, a governor also has power to enforce such matters or to bring about any changes if he wished to do so.

The State Purchasing Agent and his buyers belong to the National Association of Purchasing Agents, which organization discusses new methods of purchasing and other points of interest to the profession.<sup>6</sup>

---

6. Interview with Mr. Jeremiah L. Fitzpatrick, Chief Buyer in the Purchasing Bureau, on March 8, 1940, at 3:00 P.M.



## 2. Purchasing Methods<sup>1</sup>

The Purchasing Bureau employs buyers who are specialists in a given line of supplies. For example, one buys only food, another public works supplies, another maintenance supplies, etc. Moreover, they are on the alert for advantageous times to buy. For example, supplies are purchased when demand is low, such as coal in the summer. They also study market fluctuations and economic trends.

To be able to do the above, such as buying when demand is low or when good opportunities to buy come up suddenly, a revolving fund is maintained. As supplies are purchased this fund is debited. As the spending agencies draw their supplies, the fund is credited and the departmental appropriation is debited. No cash is transferred for this transaction is merely an accounting procedure. Such working capital as this enables the Purchasing Bureau to buy ahead of the needs of the state. Without such a fund, purchasing methods would be bogged down in red tape and higher costs.

All requisitions are pre-audited before going to the Purchasing Bureau. This procedure avoids the purchase of goods when no funds are available. Greater control results.

The control exercised is also shown by the procedure on contracts. These contracts are definite in price, quality,

---

1. Material in this section was obtained in an interview with Mr. Jeremiah L. Fitzpatrick, Chief Buyer in the Purchasing Bureau, February 18, 1948, at 10:15 A.M.



quantity, and time (generally for one year). Extensions may be granted but only under extraordinary circumstances. These contracts also specify the surety to be put up and the specifications of the products to be purchased. Blanket contracts, embodying the above provisions are also issued so that the spending agencies may order direct. Such a procedure allows for efficiency without any sacrifice in control, for such purchases are also subject to accounting control.





### 3. Competition

All orders and contracts are issued under a system of competitive bidding.<sup>1</sup> However, should an emergency arise, a spending agency may buy directly without competitive bidding. But such an action is reviewed by the Purchasing Bureau so that such an emergency may be provided for by the usual procedure in the future. The discretion of the spending agencies in such matters is constantly being narrowed down.

Requests for bids on contracts by private firms must be advertised if over \$5000 and if between \$100 and \$5000 then they must be posted on bulletin boards.<sup>2</sup> The Purchasing Bureau maintains lists of firms interested in bidding for contracts and will also solicit vendors for bids by mail and telephone.<sup>3</sup> Contracts are awarded to those vendors with the lowest successful bidder is known only by a brand name, then the Bureau will examine such a product for its specifications and make them known to other bidders so that they may compete on the same product also.<sup>6</sup>

---

1. Material in this paragraph was obtained in an interview with Mr. Jeremiah L. Fitzpatrick, Chief Buyer in the Purchasing Bureau, February 18, 1948, at 10:15 A.M.

2. Ibid.

3. Ibid.

4. Rules and Regulations Governing Purchasing, No. 5, p.2.

5. Ibid., No. 8, p.2.

6. Interview with Mr. Jeremiah L. Fitzpatrick, Chief Buyer in the Purchasing Bureau, February 25, 1948, at 11:00 A.M.



#### 4. Inspection<sup>1</sup>

Inspection of goods is an important procedure because the state must see to it that vendors live up to their part of the contract. The Purchasing Bureau itself does the inspection and testing, not the receiving agency nor an outside firm.

Goods are inspected for quantity and quality. Inspecting all goods received by the state is of course impossible and so sample inspections are resorted to instead. Traveling inspectors are employed also. For example, there is a traveling engineer whose duty is to inspect heat, light, and power facilities. A testing laboratory is also maintained where chemical and physical tests are made for those goods, materials and equipment requiring it. Records are kept of these tests. The departments may complain to the Commission on Administration and Finance in respect to quality of supplies received.

---

1. Material for this section was obtained by an interview with Mr. Jeremiah L. Fitzpatrick, February 25, 1948, at 11:00 A.M.



## 5. Standardization

Standardization is needed to consolidate orders. The process of standardization is by simplifying sizes, qualities, etc. of goods and formulating specifications.

An Advisory Standardization Board has been created to consider the standardization of supplies and equipment needed by the spending agencies of the state.<sup>1</sup> It directs its efforts toward standardizing quality, grades, brands, and reduction of varieties of goods. All standard specifications have to be adopted by the Commission on Administration and Finance and approved by the Governor and Council. They are then enforced by the State Purchasing Agent.

The Advisory Standardization Board is composed of representatives of the spending departments and the State Purchasing Agent.<sup>2</sup> The standard specifications of the Federal Specification Board of the Bureau of Standards are used as much as possible.<sup>3</sup> However, the state has to formulate many of its own specifications peculiar to its needs.<sup>4</sup>

---

1. Material in the paragraph was obtained from Rules and Regulations Governing Purchasing, adopted by the Commission on Administration and Finance, No. 10, p. 2.

2. Ibid.

3. Ibid.

4. Interview with Mr. Jeremiah L. Fitzpatrick, Chief Buyer in the Purchasing Bureau, February 25, 1948, at 11:00 A.M.





## 6. Storage Transfer Salvage

Storage of supplies and material in Massachusetts is decentralized because of geographic reasons.<sup>1</sup> Distances in the state are great enough to prevent centralized warehousing from being profitable. The several departments and institutions maintain their own storerooms where large quantities of goods are kept. The Purchasing Bureau maintains only a small storeroom for office supplies.

Economic factors are involved in the storage of goods. If market facilities are good so that supplies are easily available under blanket contracts and prices remain stable, there is no need for storage. However, there are those goods which can be purchased more profitably during certain times of the year when demand is low or the supply is great, and then stored for future use.<sup>2</sup> For example, coal is purchased during the summer for the coming winter to get the benefit of lower prices. Winter automotive equipment, such as anti-freeze and tire chains are also bought during the summer and put in storage until needed. Costs of storage are reflected in the budgets of the departments and institutions.

Surplus goods may be transferred from one agency

---

1. Material in this paragraph was obtained in an interview with Mr. Jeremiah L. Fitzpatrick, March 8, 1948, at 3:00 P.M.

2. Ibid.



to another by the Purchasing Bureau to avoid unnecessary buying.<sup>3</sup> Equipment may be repaired if it is worth while and even altered for a different purpose if possible. Goods and equipment for which no further use can be found are sold as junk by the departments.

State agencies have to make periodic inventories of their physical properties under the direction of the Comptroller.<sup>4</sup> The results of these inventories are available to the State Purchasing Agent, enabling him to anticipate future requirements more easily. Surplus goods not needed for immediate use are stored at the institutions unless the State Purchasing Agent orders otherwise.

---

3. Material in this paragraph was obtained by interview with Mr. Jeremiah L. Fitzpatrick, March 8, 1948, at 3:00 P.M.

4. Ibid.



## 7. Printing

The Printing Division approaches the problem of printing from an economic point of view. Its aim is to keep down costs. Its main activities are editing forms and reports, and issuing printing contracts.<sup>1</sup>

Various forms, such as requisitions, vouchers, etc. have been standardized by this division.<sup>2</sup> Contracts are let out for their printing and amounts for a year ahead are ordered. Most of these forms have been standardized for a long time now; however, the division has to standardize new types of forms because of changing conditions.

The division edits annual reports for publication.<sup>3</sup> These reports also have been standardized as to size of pages, types of paper, length of lines, size of type, etc. They are made as brief as possible. The number of copies printed is determined by the demand. This is done by watching the demand for previous issues at the Document Room of the Department of State. Printing excess copies is avoided as much as possible.

Contracts for printing follow the same procedure and regulations as do contracts for material.<sup>4</sup> Bids must

---

1. Interview with an employee of the Purchasing Bureau, February 27, 1948, at 10:30 A.M.

2. Ibid.

3. Ibid.

4. Ibid.



be obtained, competition encouraged, and contracts awarded to the lowest bona fide bidders.

The discussion so far has been the function of printing from a utilitarian point of view. What about public reporting? Here the power of the Printing Division is different, for it cannot edit pamphlets that have been made to attract the attention of readers.<sup>5</sup>

The Massachusetts Industrial and Development Commission prints various booklets about the advantages of Massachusetts to attract tourists and business men.<sup>6</sup> It advertises in newspapers and magazines as well. In preparing its pamphlets, the Commission uses color, photographs, attractive paper, different designs, etc. To attract business men to set up industries here, the Commission will emphasize the good geographic position of the state, its tax laws, factory regulations, etc. To attract tourists, photographs of beautiful scenery and places of historical interest are used. After these pamphlets have been finished, they are sent to the Printing Division. The latter does not touch them. It calls for bids, makes the contracts, and has them printed. The Boston Port Authority follows a similar procedure in printing pamphlets showing the advantages of the Port of Boston.

---

5. Interview with an employee of the Purchasing Bureau, February 27, 1948, at 10:30 A.M.

6. Material in this paragraph was obtained by an interview with Mr. Amico J. Barone, Executive Director of the Massachusetts Industrial and Development Commission, February 29, 1947, at 3:00 P.M.





## 8. Central Mailing<sup>1</sup>

The Purchasing Bureau maintains a Central Mailing Division which handles all outgoing and interdepartmental mail in the Boston postal area. Interdepartmental mail within the district never leaves its hands, whereas mail going elsewhere goes through the regular mailing channels.

This type of service control, central mailing, was formed because of the necessity of efficiency and economy in mailing. When the spending agencies are responsible for their own mailing, waste invariably occurs because of lack of knowledge of the rules and regulations regarding mailing. In a centralized system these handicaps are overcome by consolidating mail, using postal machines, and employing personnel who know postal regulations and techniques. Moreover, departments are apt to regard such savings as too petty to be worth the trouble of controlling, but when these petty savings are put together and added up, important economies result.

The division maintains the accounts of the cost of mailing. Separate accounts are kept for the spending agencies on their costs of mail, which are reflected in their budgetary accounts by monthly summary reports. Daily and monthly balance sheets are kept, showing costs of mailing, number and types of stamps used, cash remaining, etc., all of which are types of accounting procedure.

---

1. Material in this section was obtained by an interview with Mr. Morris C. Jackson, Head of Central Mailing Room, February 24, 1948, at 3:30 P.M.



## 9. Care of Buildings<sup>1</sup>

The several departments and institutions are responsible for the upkeep of their buildings and properties. There is no staff agency responsible for this work alone.

A special arrangement has been made for the State House and the Ford Building nearby, both of which are state-owned property. Both come under the jurisdiction of the Superintendent of Buildings.

He is responsible for their general upkeep. The properties, both buildings and grounds, must be kept in good condition. He directs the scrubwomen and janitors, who keep the buildings clean, and the tradesmen, such as carpenters, plumbers, and engineers, who repair the buildings and the machinery within them. All requisitions for repairs are made to the superintendent.

Police functions are also under the jurisdiction of this office. The properties have to be guarded and the Capitol Police, in protecting the buildings and grounds, are authorized to make arrests and prosecute if necessary.

The superintendent assigns rooms in the State House for administrative purposes with the consent of the Commission on Administration and Finance. However, he can

---

1. Material in this section was obtained by an interview with Mr. Allison, Assistant Superintendent of Buildings, February 27, 1948, at 11:30 A.M.



assign rooms to the legislature only with their consent. This provision is due, of course, to the theory of the separation of powers.

State-owned property is insufficient and so arises the problem of leasing quarters. All leases have to be approved by the superintendent and whenever there is a conflict as to the adequacy of new rental space, his decision is final. Leases carry automatic renewal clauses. For example, contracts for leasing the Court Street offices are renewed continually.





## VIII PERSONNEL

1. Recruitment

The word "recruitment" is used in these passages in its broad sense. It includes applying for employment, examination, certification, and appointment.

Massachusetts does not maintain a system of positive recruitment. Bulletins are posted, as required by law, announcing examinations for certain positions.<sup>1</sup> Applications of candidates are then accepted. There is no active search for prospective candidates.

Examinations are open to all, although certain requirements must be met for some positions. There are age limits, for example. Experience is required for some positions, especially in the skilled trades.<sup>2</sup> Candidates must prove that they have had experience such as having a license or by passing performance tests. Educational requirements are forbidden by law, but for some positions education may be counted as experience.<sup>3</sup> In this way, it is possible to get around the law.

The examinations are of the so-called "practical" type, that is, the questions must pertain to the job.<sup>4</sup>

---

1. Interview with Major Lloyd B. Haworth, Confidential Secretary to the Director of the Division of Civil Service, March 29, 1948 at 2:30 P.M.

2. Ibid.

3. Ibid.

4. Ibid.



Tests are written and assembled.<sup>5</sup>

After the examinations have been graded, an eligible list of the successful candidates is drawn up.<sup>6</sup> The Division of Civil Service certifies the best candidates when requests for personnel come in. The highest three are certified to the appointing official of a state agency if there is one opening to be filled. Four names are certified for two openings, and so on: five for three, six for four, and seven for five. If there are more than five openings, the certifications proceed in multiples of seven to five. Each applicant is entitled to three certifications for the same position. If a candidate declines a job, then a new name is added. There is veteran preference throughout this whole procedure.<sup>7</sup> They are put ahead of all other applicants. However, all veterans must pass the examinations. There is preference even among the veterans, such as disabled veterans being certified ahead of the non-disabled unless the jobs call for men in good physical condition, as policemen and firemen.

An appoint officer has to make his selection from the certified list.<sup>8</sup> Those candidates who are appointed have to pass through a six months probationary period. They are guaranteed thirty days employment. From then on up to

---

5. Interview with Major Lloyd B. Hawerth, Confidential Secretary, March 29, 1948 at 2:30 P.M.

6. Ibid. Source of material in this paragraph.

7. Ibid.

8. Ibid.



six months, they may be discharged if found to be incompetent, from which action there is no appeal. After this probationary period is over, they may be removed for cause, but appeals may be made to the Civil Service Commission and in certain types of cases there is judicial review of removals.

Positions are not apportioned as in the federal government.<sup>9</sup> Of course, residents of Massachusetts are given preference over non-residents. Certain positions are exempt from civil service regulations by law. These include judicial and elective officers, appointed officers subject to the Council's approval, officers elected by the General Court, heads of departments, and confidential employees.

The recruitment policy of the state is very conservative and backward. Not only is it handicapped by the lack of an active search for qualified people and by the various preferential provisions, but also because recent techniques in personnel administration are entirely lacking. Examinations are not checked according to the normal probability curve. No research is undertaken to test their validity. Nor are there any item analyses of test questions. Tests for such factors as intelligence, aptitude, supervisory ability, personality, etc. are not given. There are no oral interviews to get personal characteristics.

---

9. Interview with Major Lloyd B. Haworth, Confidential Secretary, March 29, 1948, at 2:30 P.M.



## 2. Promotions and Transfers

Promotions are open to those employees in the next lower position.<sup>1</sup> Competitive examinations are taken by them. Jumping classes in promotions is virtually non-existence. Here again the tests are of the "practical" type and seniority counts heavily in the final mark. Veterans get preference here also. If only one employee is eligible for the promotion then he must take a qualifying examination with at least a passing grade.

Transfers are used extensively, because vacant positions can be filled by such methods.<sup>2</sup> Vacancies in one department may be filled by permanent employees from another. However, the employee must give his consent. He does not lose any of his so-called rights in the transfer.

The conservatism of the state in the matter of promotions is apparent, just as in recruitment. Recently developed techniques for sound promotion are lacking.<sup>3</sup> No efficiency ratings are employed. Nor have any internships been introduced. There is no formal in-service training for promotion except for state extension courses which very few attend. Outsiders cannot compete for these higher

---

1. Material in this paragraph was obtained by an interview with Major Lloyd B. Haworth, Confidential Secretary, April 5, 1948, at 10:30 A.M.

2. Ibid.

3. Ibid.





positions, because the examinations are closed to them. Seniority is weighed too heavily.

Personnel management, as an aid to the chief executive, is deficient because the state's policies, as embodied in its laws and customs, protect those employed more than anything else. The employees' union, the State Employees' Association campaigns very actively in their behalf. It is friendly in its appeal, is not belligerent, and does get favorable results.



### 3. Classification

The Division of Personnel and Standardization classifies positions. It draws up the specifications required of all positions, such as duties, responsibilities, etc., and keeps records of them.

Positions are classified according to certain weighted factors, such as educational and experience requirements, hazards of jobs, responsibility, mental and physical effort, attraction of job, etc.<sup>1</sup> From these factors a pay scale is arranged with minimum and maximum rates for the class with automatic step rate and longevity increases provided by law. The minimum of one class is not lower than the maximum of the next lower class.

However, certain practical factors enter the picture and change the compensation.<sup>2</sup> Pay must be similar to private industry of the area where the position is located. The pay scale may be revised upward due to lack of qualified personnel, political pressure, unions, etc. The Division is aware of varying working conditions in similar positions. For example, a carpenter in a position where there is little work will not get the same pay as a carpenter in a similar position where there is much work.

---

1. Material in this paragraph was obtained by an interview with Mr. Walsh, Assistant to the Director of the Division of Personnel and Standardization, March 1, 1948 at 11:00 A.M.

2. Ibid.



Again a job in a location which is difficult to get to will command greater pay than a job in an easily accessible area.

Classification of positions is not standardized like the federal system.<sup>3</sup> Individual positions and trades are classified separately. Similar types of trades are not necessarily subdivided into the same number of grades. Nor does classification apply to the professions and higher managerial positions.

The Division maintains a field unit which classifies positions.<sup>4</sup> Reallocations of positions are made if the previous classification is found to be no longer applicable because of changing conditions. State agencies may request reallocations in their budget estimates for personal services. The Division investigates such requests and if they are found to be desirable, it may reallocate. However, it has full authority to reject such requests.

An employee, dissatisfied with the classification of his job, can appeal to the Division.<sup>5</sup> The latter, in reviewing the appeal, may change its mind. However, if it does not want to change its decision, then its action is final.

---

3. Material in this paragraph was obtained by an interview with Mr. Walsh, Assistant to the Director, March 1, 1948, at 11:00 A.M.

4. Material in this paragraph was obtained by an interview with Miss Elizabeth V. Van Hall, Senior Budget Examiner, April 5, 1948, at 10:30 A.M.

5. Material in this paragraph was obtained by an interview with Mr. Walsh, Assistant to the Director, March 1, 1948, at 11:00 A.M.





The weakness of the classification system is that it is confused with the budget system. The same agency, the Division of Personnel and Standardization, is responsible for both classification of positions and the review of budget estimates for personal services. This is an unsound policy, because such an agency will not classify positions as a matter of fact, but to keep the costs of personal services down. Proposed new positions are studied as to their duties and responsibilities, classified lower than what they should be, and labor costs are reduced. However, the position remains the same as far as its duties and responsibilities are concerned, and an injustice is dealt to the incumbent.



## VIII PLANNING

Planning in Massachusetts is not integrated into one agency.<sup>1</sup> Many departments maintain their own planning programs. For example, the Massachusetts Industrial and Development Commission undertakes industrial planning for the Department of Labor and Industries.<sup>2</sup> The members of the Commission on Administration and Finance are authorized to do research on problems affecting them as a whole, although no one member can order any one else for each member is supreme in his own jurisdiction, responsible only to the governor.<sup>3</sup>

In spite of such disintegration, the State Planning Board, nevertheless, is the main planning agency of the state. Many types of planning do not fit in the departments, such as the zoning projects undertaken recently.<sup>4</sup>

The State Planning Board is not an agency for executive planning.<sup>5</sup> Budgetary planning, such as formulating a comprehensive financial plan and consistent policy for all state activities, is outside its scope. If it were able to

---

1. Interview with Mr. B. Allen Benjamin, Senior Planning Assistant, April 2, 1948, at 10:30 A.M.

2. Ibid.

3. Interview with Mr. William H. Bixby, Budget Commissioner, April 9, 1948 at 10:45 A.M.

4. Interview with Mr. B. Allen Benjamin, Senior Planning Assistant, April 2, 1948, at 10:30 A.M.

5. Ibid.



do so, it would have immense control over them. Moreover, its relationship with the governor is distant, for the latter seldom asks it for advice.

The planning functions of the board are threefold in character: (1) planning as an aid to the legislature, (2) coordination with planning agencies of other levels of government and organizations, and (3) long range planning.

The relationship of the State Planning Board with the General Court is rather close. The latter passes resolves ordering the board to make special studies and recommendations.<sup>6</sup> For example, during the 1947 session, a resolve was passed for the State Planning Board to be part of a special commission to study traffic conditions, housing, street lighting, and recreational facilities in the City of Boston, and to make a report on the results of such studies.<sup>7</sup> In another resolve, the board was to cooperate with a special commission to study veterans' problems on housing and hospital facilities. The legislature may request it to prepare legislation on the results of its investigations.<sup>8</sup>

The State Planning Board maintains relations with many other organizations. It maintains relations with the federal government in planning projects that receive federal

---

6. Interview with Mr. E. Allen Benjamin, Senior Planning Assistant, April 2, 1948, at 10:30 A.M.

7. Resolves of 1947 (General Court of Massachusetts) Chap. 69.

8. Ibid., Chap. 68.





funds.<sup>9</sup> It gives advice and aid to cities and towns in their community planning.<sup>10</sup> It cooperates with the departments in giving them advice and also receiving it in turn.<sup>11</sup> It maintains relations with other states, especially in matters of flood control in New England.<sup>12</sup> Even private agencies are helped and informed, especially in the monthly report it issues.<sup>13</sup>

Long range planning is embodied in the master plan.<sup>14</sup> The purpose of this plan is to preserve all the natural and industrial resources of the state and in this instance the board acts on its own initiative. Such research and planning goes on continually. A program of work has been adopted in this long range planning, which contains gathering of much factual information. Land is studied for its general use for agriculture, forestry, geologic resources, urban use etc. The water resources have been investigated for their supply, flood control, sewage disposal, and power. The state's power resources, their production, distribution, and use have been studied. Industry has been aided by analyses of

---

9. "Planning and Development," Book of the States (1945-46) p. 242.

10. Ibid.

11. Ibid.

12. Interview with Mr. D. Allen Benjamin, Senior Planning Assistant, April 2, 1948 at 10:30 A.M.

13. "Planning and Development," Book of the States (1945-46) p. 242.

14. Material in this paragraph was obtained by an interview with Mr. Otis D. Fellows, Chief Planning Engineer in the State Planning Board, March 26, 1948 at 11:00 A.M.





economic conditions, and social trends. Extensive and inter-recreational projects have been suggested. The transportation facilities of the state, highway, railroad, water, and aviation are looked into. Public works planning and community planning continue. Such a master plan as this means a broad investigation and gathering much factual information.

The board has divided the state into regions as a convenient method of getting more work done. These regions vary for different research problems.



## X CONCLUSIONS

The staff administration in Massachusetts, as an aid to the governor in controlling the activities of the operating agencies, falls far short of the model staff agency set up in the standard. There are several reasons for this. The governor's constitutional power is inadequate in the first place. Staff assistance to the governor in formulating a consistent overall state policy is virtually non-existent. Financial aids in executing the different policies of the state are well developed.

The inadequacy of the governor's powers is so great that even if his staff performed all the functions in the standard, he would be unable to use them in controlling the line agencies. His lack of authority can be shown in many ways. His appointing and removal powers are subject to the approval of the council before they can be effective. This procedure diffuses executive responsibility among many men. Patronage becomes an important issue. Since all appointments are for fixed terms, all longer than that of the governor, the latter is saddled with appointees of the previous administration. Their policies are different. Removals can only be for cause, not for differences in opinion. The only exception is the new office of the Commissioner of Administration, where the incumbent works at the governor's pleasure.



There are other evidences of the governor's lack of control. Many agencies are headed by boards, thus diffusing responsibility. Department heads may disagree with the governor's budget proposals at the budget hearing, thus weakening discipline. There is no administrative manager of state affairs. The independent executive officers need not obey the governor. No cabinet has developed to coordinate state policy. Very frequently the governor's legislative program is rejected.

Staff agencies in Massachusetts are organized in a haphazard fashion, which means that their use is limited. The organizational structure does not recognize the fact that the span of control of a human being is limited.

If the governor did have sufficient power, there would be danger of abuse because there has been little development of agencies whose purpose is to enforce executive responsibility. The independent post-audit is not an arm of the legislature because the latter frequently ignores its findings and does not take its recommendations seriously. It may even restrict the State Auditor's powers.

A legislative operations audit is non-existent. The Civil Service Commission has only a negative concept of personnel administration.

The financial functions are clearly defined, although there are some exceptions. Budgeting, accounting, treasury management, and purchasing are well-developed in-





struments of centralized control.

The budget system, although excellent in its control stage, is not a complete financial plan in which all the revenues go into a general fund and are expended according to an overall plan determined by the governor. If it were, an entire staff for planning and research under the governor would have to be created. Moreover, many of the statutory restrictions, such as the system of special funds, would have to be eliminated. These two criticisms are the most important of all and are the real reasons why the staff system fails to aid the governor in controlling the operating departments. If the governor does not have the staff assistance to formulate the policies of the operating agencies, he certainly cannot be said to control them.

The budget system is sound from the point of view of keeping expenditures within revenues. The power to reduce requests is important. The estimate forms obtain the information needed to judge requests.

Budget execution, like other financial functions, is virtually complete. The appropriations are broad enough to permit flexibility. Control of allotments and transfers are proper activities of the Budget Bureau. However, an operations audit by the administration would be desirable.

Capital outlay planning has just begun, but it is doubtful if it will differ from current budgetary methods.



In order to formulate a consistent overall program of capital outlay, adequate staff assistance and good economic conditions are needed.

The value of up-to-date techniques is recognized by the state's accounting system. The budgetary accounts are designed to have appropriations spent within the lines of legislative policy and to prevent unauthorized spending. Although such control has not been complete in the past, the new subsidiary accounts should make it virtually airtight. Extensive control is also shown by maintaining central control accounts on an accrual basis, by preauditing all bills, by drawing warrants on the treasury, and by maintaining internal checks.

The Treasurer's Department carries out the activities mentioned in the standard. The collection, custody, and disbursement of funds are its main activities. A conservative investment policy is followed. Safety and liquidity of funds are considered more important than return. It is also indirectly controlled by the Comptroller's Bureau for the latter has installed the accounting system.

Purchasing methods also meet the requirements of the standard. They obtain the desired control and economy. All the suggested procedures are used, such as centralization, mass purchasing, standardization, inspection, service control, competitive bidding, etc.

Although the state maintains high standards of



financial administration, it fails to maintain them in personnel management, public reporting, and planning.

Personnel administration is backward. Modern techniques, such as intelligence tests, in-service training, service ratings, etc. are absent. The methods of position classification of positions is entrusted to a division of the Budget Bureau. It is an unsound policy to have the same agency classify positions and review estimates for personal services, because positions will be classified to reduce labor costs and not according to fact.

The advantages of adequate public reporting, as a method of publicizing executive policies, are not realized. Much could be done along this line in preparing the budget document. Some of the operating departments prepare attractive reports, but they reflect departmental policies, not the executive.

Planning activities are not centralized under the governor. Nor are they used to formulate the budget plan. The operating agencies do their own planning. Long range planning as done by the State Planning Board is limited in scope and is not coordinated with the budget.

Comparison of the governor of Massachusetts and his staff assistance with that of Minnesota under the state manager plan is helpful. Minnesota adopted this plan in 1939. Her governor obtained adequate staff assistance. The governor's chief aid, the Commissioner of Administration,



was made responsible for planning and managing the business and financial activities of the state. He works at the pleasure of the governor. No other state has given an official so much power. The governor is free to emphasize his important executive and legislative activities. Most departments are headed by one man, not by boards. However, a few undesirable features were left after the reorganization. Terms of the department heads are not coterminus with that of the governor. Not all dedicated funds and boards were abolished. The state manager is not responsible for accounting activities.<sup>1</sup>

The Minnesota reorganization provides the governor with much more staff assistance than Massachusetts. Both states have Commissioners of Administration, but the one in Massachusetts is responsible for financial activities only, whereas the one in Minnesota is not only responsible for similar activities, except for accounting, but also planning, civil service, personnel administration, care of buildings, leases, approval of departmental reorganization plans, and designs of new buildings. Such staff aids as there help the governor immensely in controlling the operating departments. Massachusetts has the advantage of having accounting under central control. Both states have similar problems as well, such as having dedicated funds and multiple headed departments

---

1. Harold L. Henderson, "How a State Can be Managed," National Municipal Review, November 1946, pp. 508-513.





although Minnesota has not developed the latter two as much as has the Bay State.

The governor of Massachusetts has inadequate staff assistance to control the operating agencies. He has insufficient powers to control them, even if he did have sufficient staff aids. Staff assistance is needed above all to plan and formulate unified state policies. Financial aids are adequate. The operating departments are under strict financial control of the governor's staff organization.



## ABSTRACT

The state government of Massachusetts has greatly increased in size during the past century. As new activities were undertaken, new agencies had to be created to put them into effect. So many were created that they became unwieldy. During the reorganization period (1919-1922), they were regrouped to make them more manageable. According to theory, the governor should control the activities of these operating agencies so that the policies of all may be coordinated. To do so, the governor needs assistance because the control of an entire state administration is too great for one man alone. This assistance comes in the form of staff agencies which advise and aid the governor in controlling the operating agencies. The problem in this thesis is whether or not the staff organization of Massachusetts aids the governor in controlling the activities of the operating agencies.

In approaching this problem, certain standards must be set up. What must staff agencies do to aid the governor not control the line agencies? To get the maximum benefit of a well-organized staff, the governor must have adequate constitutional power in the first place, such as having departmental heads and leading staff aides responsible to him alone, that his power of appointment and removal is not shared with anyone, and that his authority to get a unified state policy is not restricted by statutory



limitations. The staff agencies should be under his control and organized as a unit. Their functions should include budgeting, accounting, purchasing, treasury management, personnel management, public relations, and planning.

Methods used in preparing this thesis were reading background material and making interviews with state officials of Massachusetts.

The constitutional powers of the governor of Massachusetts are inadequate. His power of appointment and removal is restricted by the council. He is burdened with appointments of previous administrations and a unified policy is impossible. Many of his staff aids are in the independent executive group, such as the State Treasurer and the Attorney-General. So staff agencies in Massachusetts can only be of a limited help to the governor because of his insufficient power.

Staff activities are not grouped together in a unit, but are mixed with the operating agencies or the independent departments. Most of them have been put into offices under the Commission on Administration and Finance, which is responsible for budgeting, accounting, purchasing, and personnel; the State Planning Board (planning), and the Massachusetts Public Building Commission (capital outlay budgeting). The State Treasurer is an independent executive. The Division of Civil Service is a part of the Department of Civil Service and Registration. Most of these agencies





are headed by boards with overlapping terms.

Budget procedure follows the conventional lines. Estimate forms are sent out to the spending agencies with instructions. They are filled out and returned, reviewed by the Budget Bureau; conferences are held with departmental representatives, and revisions made if necessary. The Budget Bureau may increase, decrease, or leave the estimates as they are. The budget document is then printed with these recommendations and sent to the General Court. Public hearings are held and some revisions made. The Appropriation Act is passed by the Committee on Ways and Means and the General Court and signed by the governor. However, as the budget plan is incomplete, more appropriation acts are necessary, one to take care of deficiencies, and another to take care of supplementary activities.

The estimate forms are complete. Forms for personal services include a summary showing estimated increases and decreases in cost and detailed forms showing lists of positions and requests for their reallocation. The latter is a personnel problem and should be decided as a matter of fact, not as a budgetary problem, and therefore should be done by another agency. There also are forms for current expenses, special objects, and revenues expected.

Budget execution shows extensive control without rigidity. Appropriations must be allotted. Additional allotments and transfers may be made within items of appro-



priations. The new system of subsidiary accounts increases control without losing flexibility. All these changes in the budget may be made by the Budget Bureau. Reasons must be given by the spending agencies for all such changes.

The budget document does not meet the standards of a good public report. It lacks popular appeal, and there is insufficient information for an interested technician. More interesting summaries, charts, and pictures could be given to appeal to the layman. Detailed information could be increased by further breakdown in the estimates, and by inserting financial reports and statistical data.

Capital outlay budgeting has just started. An agency is responsible for approval of all plans, contracts, and building. It is an attempt to make a regular program of construction of new buildings. It is too early to tell how successful such a program will be for much depends on the legislature and on economic conditions.

As the budget is the most important section of this thesis, an analysis is given at this point. The system is sound as far as it goes, but there are great shortcomings. Budgetary planning is very inadequate. There is no attempt to translate consistent policies into dollars and cents. Statutory restrictions virtually eliminate administrative discretion. Staff assistance is inadequate. These shortcomings are the main reasons why the staff administration of the state fails in aiding the governor control the operating



agencies. No matter how well developed the remaining staff activities are, they cannot overcome this deficiency.

The accounting procedures used are a good example of financial control over the operating agencies. General ledger and subsidiary accounts are kept to show the status of the funds. The budgetary accounts enforces the budget plan. Accrual accounting is used to get the necessary information on the status of all the accounts. Setting up the desired accounting system and making changes therein is recognized as the responsibility of the Comptroller's Bureau. All purchase orders and contracts are pre-audited. Only this bureau issues the warrants against the treasury. Modern accounting machines are used. The independent post-audit is not properly used by the legislature.

The treasury, though theoretically an independent department, nevertheless is controlled by the Comptroller's Bureau because the latter has installed its accounting system. The treasury collects, has custody, and disburses all funds. Disbursements are made only on warrants from the Comptroller's Bureau. The treasury's investment policies are very conservative, as required by law.

Purchasing policies show the techniques of centralized purchasing. Competition is maintained. Standardization, inspection, consolidation of orders, large scale purchasing are followed. Extensive service control, such as printing and central mailing is exercised. However,



care of buildings is outside its jurisdiction.

Personnel administration is conservative, the techniques of private enterprise are virtually non-existent. Many of the civil service laws protect those employed too much. A positive recruitment program is missing. Position classification and budgeting personal services are the functions of one agency, which is an unsound procedure.

Planning is decentralized among the departments and commissions. The main planning agency of the state, the State Planning Board, is responsible for the master plan and the coordination of planning activities with federal, state, and local government's planning agencies. It also does research for the legislature. There is no central planning agency to do all the needed research or to formulate a comprehensive budget plan.

The conclusion is that the staff administration in Massachusetts falls far short in aiding the governor control the operating agencies. There are several reasons for this. One is that the governor's constitutional powers are insufficient. The other is that planning activities, especially in budgeting, are undeveloped. The staff agencies aid in executing the state's policies.





## BIBLIOGRAPHY

Secondary SourcesBooks:

Buck, A.E., Public Budgeting, (New York: Harper and Brothers, 1929)

Buck, A.E., The Reorganization of State Governments in the United States (Published by Columbia University Press for the National Municipal League, 1938).

Forbes, Russell, Governmental Purchasing (New York: Harper and Brothers, 1929).

Foster, Major B. and Rodgers, Raymond, Money and Banking, 3rd edition, (New York: Prentice-Hall, 1947).

Harlow, R.V., The Growth of the United States (New York: Henry Holt and Company, 1943).

Lipson, Leslie, The American Governor From Figurehead to Leader (Chicago: University of Chicago Press, 1939)

Lutz, Harley Leist, Public Finance (New York and London, D. Appleton-Century Company, Inc., 4th edition, 1947).

MacDonald, Austin F., American State Government and Administration New York, Thomas Y. Crowell Company, 3rd edition, 1945).

Pfiffner, John M., Public Administration (New York: Ronald Press 1946).

White, Leonard D., Introduction to the Study of Public Administration (New York: Macmillan Company, 1939).

Willoughby, W.F., Principles of Public Administration (Baltimore: Johns Hopkins Press, 1927).

New Horizons in Public Administration, A Symposium (University of Alabama Press, 1945)



Periodicals:

American Society of Planning Officials, "Planning and Development, State Planning," Book of the States (1945-46).

Harold H. Henderson, "How a State Can Be Managed", National Municipal Review, November, 1946.

Manuals:

Model City Charter, Prepared by Committee on Revision of the Model City Charter, 5th edition (New York: National Municipal League, 1941).

Model State Constitution with Explanatory Articles, Prepared by the Committee on State Government, 4th edition (New York: National Municipal League, 1941).

Municipal Budget Procedure and Budgetary Accounting, Municipal Finance Officers Association of the United States and Canada, 1942. Accounting Publication No. 9.

Tannery, Fladger Freeman, State Accounting Procedures (Chicago: Public Administration Service).

Laws:

General Laws of Massachusetts (Tercentenary Edition).

Annotated Laws of Massachusetts (1946 supplement of Volume I).

Acts and Resolves passed by the General Court of Massachusetts in the year 1947.

Acts and Resolves passed by the General Court of Massachusetts in the year 1948.

Acts and Resolves passed by the General Court of Massachusetts in the year 1935.



Rules and Regulations:

Rules and Regulations Governing Purchasing, adopted by the Commission  
on Administration and Finance, 1923 and 1933.

Rules and Orders and List of Committees of the Executive Council,  
Commonwealth of Massachusetts (1947-1948)





## Primary Sources

### Reports:

Report of the Treasurer and Receiver-General for the year ending June 30, 1946 (Public Document No. 10, Commonwealth of Massachusetts).

Budget Recommendations of Governor Bradford of Massachusetts for the fiscal year 1949 (Wright Printing Co.).

Public Document No. 92 (1946 Assessments for Interest, Sinking Funds, Serial Bonds and Maintenance of the Metropolitan Districts, Commonwealth of Massachusetts).

Report of the Special Commission Established to Make an Investigation and Study of the General Subject of Public Expenditures with a View to Alleviating the Burden Thereof (1947).

William L. Read, "The Governor's Council" (pamphlet in the Lieutenant-Governor's Office).

Classification and Pay of Positions, Commonwealth of Massachusetts, Text of Report (Griffenhagen and Associates, 1945).

### Interviews

Albert M. Allison	Assistant State Superintendent of Buildings
Amico J. Barone	Executive Director, Massachusetts Development and Industrial Commission
B. Allen Benjamin	Senior Planning Assistant, State Planning Board
William M. Bixby	Budget Commissioner, Budget Bureau
Thomas J. Buckley	State Auditor
William Cohen	Semi-Senior Accountant, Accounting Division
Laurence Curtis	State Treasurer and Receiver-General
Nicholas DeLeo	Assistant Attorney-General in charge of Veterans' Affairs



Otis D. Fellows	Chief Planning Engineer, State Planning Board
Jeremiah L. Fitzpatrick	Chief Buyer, Purchasing Bureau
John Bernard Fouhy	Head Statistical Machine Operator, Tabulating Division
Harold E. Hamlin	Head Administrative Clerk, Pre-Audit Division
Lloyd B. Haworth	Confidential Secretary to the Director of the Division of Civil Service
Catherine H. Hayes	Head Clerk, Pre-Audit Division
Edwin T. Hebert	Technical Assistant to the Budget Commissioner
Mildred W. Irish	Head Clerk, Payroll Division
Morris C. Jackson	State House Postmaster, Central Mailing Division
Maude A. McLean	Head Administrative Clerk, Pre-Audit Division
Hall Nichols	Director, Massachusetts Public Building Commission
Joseph F. O'Connell	Assistant to the Budget Commissioner
Karl H. Oliver	First Deputy Treasurer, Department of the State Treasurer
Joseph H. O'Shea	Senior Clerk, Field Unit Division
James F. Roche	Semi-Senior Accountant, Accounting Division
George B. Rowell	First Assistant to the Attorney-General
Elizabeth V. Van Hall	Senior Budget Examiner, Division of Personnel and Standardization
Margaret F. Wildes	Senior Clerk, Pre-Audit Division

Other interviews with unidentified officials.







BOSTON UNIVERSITY



1 1719 02559 7370

ACCOPRESS BINDER

BF 250-P7-EMB

Made By

ACCO PRODUCTS, INC.

Ogdensburg, N. Y., U.S.A.



